

ANNUAL REPORT 2011



Enabling poor rural people
to overcome poverty

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 almost US\$14 billion in grants and low-interest loans to developing countries through projects empowering about 400 million people to break out of poverty, thereby helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nations’ food and agriculture hub. It is a unique partnership of 168 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).*

* As at time of press, June 2012

IFAD at a glance, 1978-2011^{a, b}

TABLE 1

		2007	2008	2009	2010	2011	1978-2011
Operational activities^{c, d}							
Loan and DSF grant approvals							
Number of programmes and projects		34	29	32	33	34	892
Amount	US\$ million	520.3	552.2	662.4	794.2	947.2	12 865.8
Grant approvals							
Number		77	70	99	88	83	2 398
Amount	US\$ million	35.7	40.7	47.0	51.2	50.4	799.9
Total IFAD loan and grant operations	US\$ million	556.0	592.9	709.4	845.4	997.6	13 665.7
Cofinancing	US\$ million	424.4	305.0	312.0	677.2	412.2	9 183.0
Multilateral		398.3	198.0	284.2	566.6	213.2	7 203.1
Bilateral		17.3	13.3	24.6	81.5	159.4	1 500.3
NGO		1.0	3.5	0.7	10.4	-	41.4
Other ^e		7.8	90.2	2.5	18.6	39.6	438.2
Domestic contributions	US\$ million	274.0	282.7	364.2	934.0	832.4	11 671.6
Total programme and project cost^f	US\$ million	1 222.2	1 144.3	1 345.3	2 411.4	2 196.4	33 800.0
Programmes and projects							
Number of effective programmes and projects under implementation		196	204	219	233	240	
Number of programmes and projects completed		25	24	24	20	26	620
Number of programmes and projects in the pipeline		58	69	65	74	64	
Number of approved programmes and projects initiated by IFAD		28	26	26	28	32	731
Number of recipient countries/territories (current portfolio)		85	88	91	96	97	
Loan disbursements	US\$ million	399.1	433.8	428.5	457.6	549.7	8 216.9
Loan repayments^g	US\$ million	175.1	186.4	201.0	274.1	287.5	2 809.8
Membership and administration							
Member States – at end of period		164	165	165	165	167	
Professional staff – at end of period ^{h, i}		227	233	235	260	298	

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 approved by 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 The Smallholder Commercialization Programme approved in 2011 for Sierra Leone is supervised by IFAD and entirely funded by a grant from the Global Agriculture and Food Security Program (GAFSP). The programme is counted under the number of programmes and projects but has no IFAD financing.

^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, and excludes grants not related to investment projects.

^g Loan repayments relate to principal repayments and interest 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).

ⁱ Includes National Officers in country offices.

CHART 1
IFAD loan and grant operations, 2007-2011
 Amounts in US\$ million

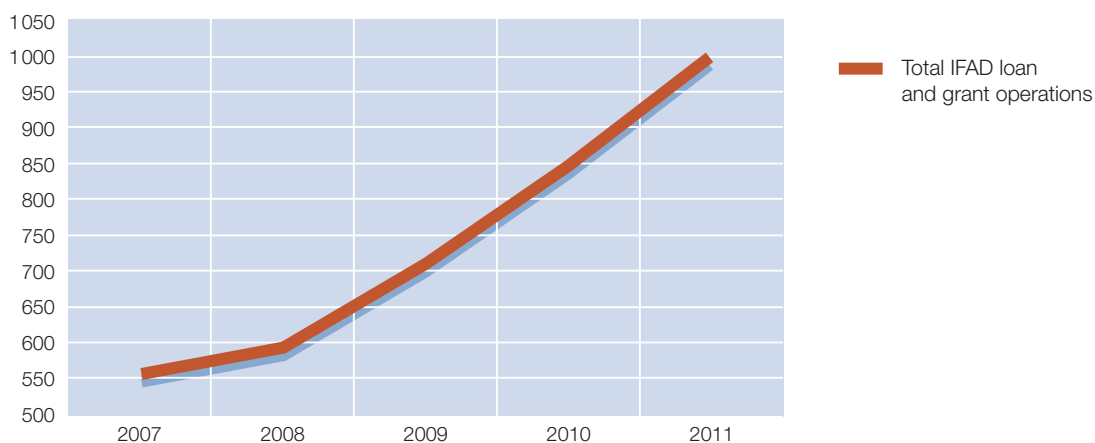


CHART 2
IFAD loans and DSF grants, cofinancing and domestic contributions, 2007-2011
 Amounts in US\$ million

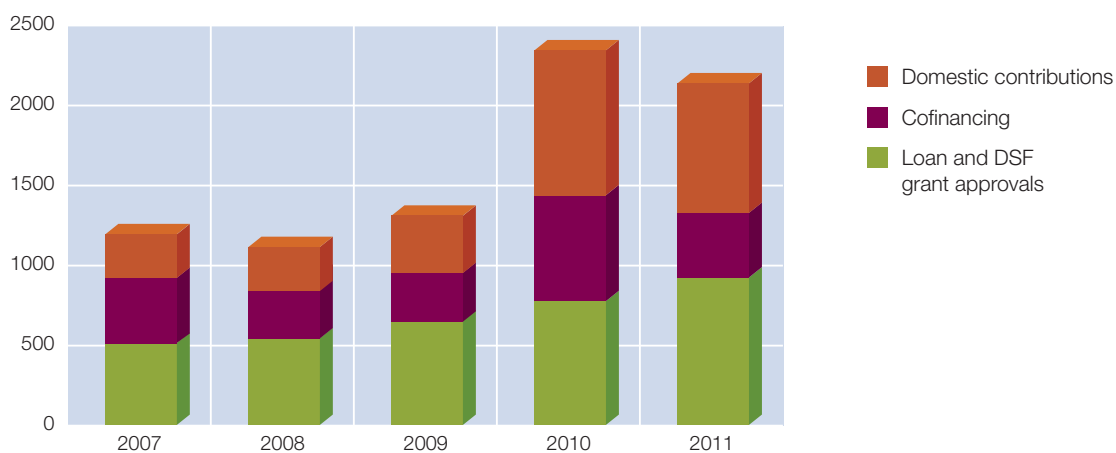


CHART 3
Loan disbursements and loan repayments, 2007-2011
 Amounts in US\$ million

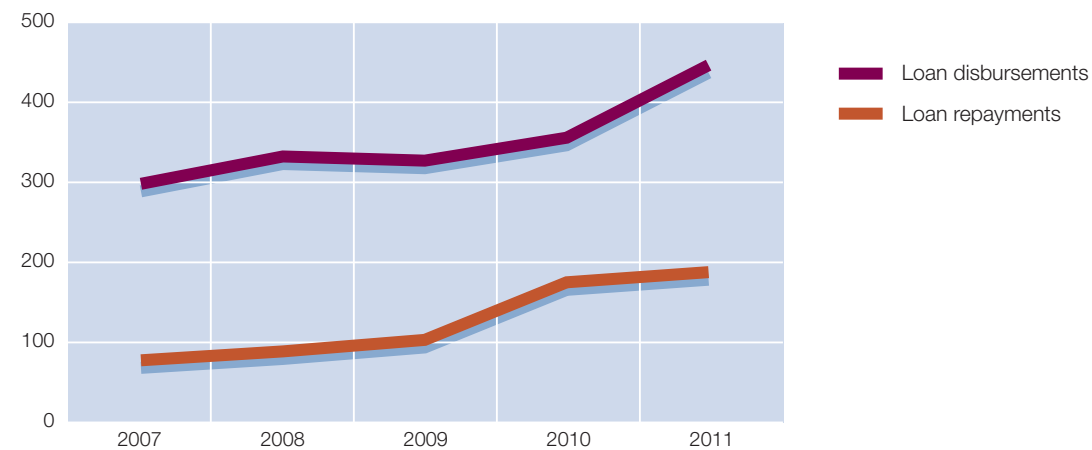
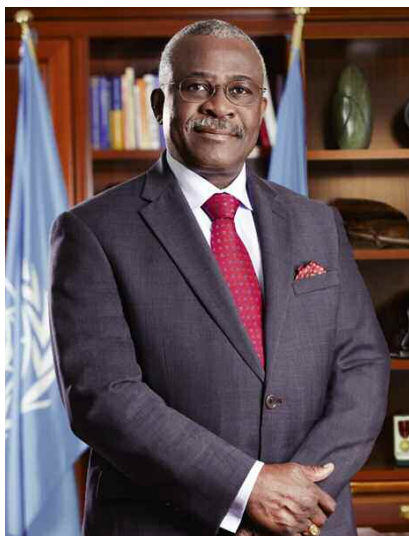


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President's foreword



In the race to keep up with the tumultuous changes of the twenty-first century, it may be tempting to throw out the old in the scramble to embrace the new. But even today we must build on the successes of the past to look to the future.

For IFAD, 2011 has been a year in which we have consolidated recent progress and reforms, continued to grow robustly, and laid ambitious plans for the future.

Growth today

In a world racked by crisis, change and challenge on all fronts, IFAD's work to empower poor rural people is more critical than ever. Our results and our reach continue to grow, together with our effectiveness and our efficiency. And at the same time, something more difficult to measure is growing too – our influence on international policy debates around agriculture, rural development and the role poor rural people must play in the future of the planet.

As usual, this report contains the Fund's annual figures in detail. But I would like to highlight a few. The size of our ongoing portfolio – that is, the resources we have invested in current projects to fight rural poverty – increased substantially during 2011, as new projects started work and current successful interventions were scaled up and expanded.

At the end of the year, we were financing 240 ongoing programmes and projects with IFAD investments of US\$4.6 billion. Together with cofinancing and domestic contributions, the total

value of the ongoing portfolio was US\$10.3 billion, compared with 197 ongoing projects worth a total of US\$6.8 billion just four years ago.

Our programme of new commitments in 2011 was just under US\$1 billion – 18 per cent more than in 2010. This puts us right on track to meet our target of raising new investments by 50 per cent over the 2010-2012 period.

Figures alone, however, cannot convey the impact we are having. The real measure of IFAD's work is the difference we are making in people's lives. You can read about the achievements of some of the rural women and men we work with in the stories from the field in this report.

Foundations for the future

Laying stable foundations for the future, we successfully concluded the Consultation on the Ninth Replenishment of IFAD's Resources, agreeing a target of US\$1.5 billion, which will fund our work from 2013 to 2015. Despite the continuing global financial uncertainty, Member States gave IFAD a resounding vote of confidence by agreeing a target 25 per cent higher than the previous replenishment.

In addition to continued staunch support from our traditional development partners, despite the domestic economic challenges that many currently face, we also received strong support from middle-income countries and emerging economies, and from countries that are more often recipients of aid rather than contributors.

Under the agreement reached at the end of the replenishment consultation, we are particularly committed to strengthening our contribution to reaching the first Millennium Development Goal of reducing poverty and hunger by half, and to sharpening our focus on gender equality and women's empowerment. The needs and potential of young rural people – both women and men – will also remain at the top of our agenda.

Building a more agile and efficient IFAD

We have been working to control our administrative costs and to increase the proportion of our budget that directly supports work in the field. Projections show that we are exceeding our target for this, with an efficiency ratio – calculated as a ratio of the administrative budget to the programme of loans and grants – of 12.5 per cent forecast for 2012, against a target of 13.5 per cent.

IFAD has also continued to forge ahead with the change and reform agenda that was embarked on when I took office in 2009. Again, I would like to touch on a few highlights. Key reform areas include strengthening the structure of the organization to more closely align our human and financial resources with our strategic objectives, and fully implementing IFAD's new business model. Direct supervision of projects and our stable presence in the countries where we work are two pillars of this new model.

We now directly supervise 93 per cent of the projects we support – up from 18 per cent in mid-2007 – and this has multiple benefits. The costs of supervision have fallen, the flow of disbursements has increased and our response times to country requests have been shortened.

We have also consolidated progress to build our presence in-country, with a total of 18 agreements signed with host countries by the end of the year and 64 staff members serving in IFAD country offices. The number of country offices is due to reach 40 by the end of 2013. The overall proportion of our workforce assigned to programmes is now 67 per cent, up from 56 per cent in 2008, and just over our 2012 target of 65 per cent.

More financing for agriculture and rural development

The implementation of the new business model has also helped boost the amounts of cofinancing mobilized from external donors and borrowing Member States. For every US\$1 contributed to IFAD

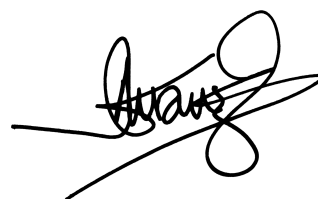
during the Eighth Replenishment period from 2010 to 2012, we mobilized another US\$6. Domestic cofinancing contributions have shown particularly healthy growth, tripling in the 2007 to 2011 period, underlining country commitment to the projects we support.

In addition to cofinancing, innovative funding mechanisms and new financing partnerships are important additional streams of income, increasing the flow of investment to agriculture and rural development. During 2011, the first commitments were made using resources from the innovative cofinancing fund established with the Government of Spain in 2010. The use of €108.6 million was approved by the Executive Board to scale up seven IFAD-supported projects.

Encouraged though we may be with IFAD's progress and results, there is a long road ahead. New figures released by the World Bank when this foreword was being written are good news in terms of progress towards the Millennium Development Goals, with indications that the first target – of halving extreme poverty from its 1990 level – had been met by 2010, five years ahead of the deadline. But these figures, which are based on preliminary survey-based estimates for 2010, hide some less positive stories, and often significant differences between countries and regions.

The 663 million people who by 2008 had moved above the extreme poverty line of US\$1.25 a day, according to the World Bank figures, are still poor by any standards. And at the current rate of progress, around 1 billion people will still be living in extreme poverty in 2015.

Only long-term investment and commitment can make a difference. Spurred on by our successes and driven by our setbacks to innovate further, we will continue to work with partners around the globe to stimulate inclusive and sustainable economic growth.



KANAYO F. NWANZE
President of IFAD



IFAD strategic framework 2011-2015

The world we work in

IFAD's mandate – improving rural food security and nutrition, and enabling rural women and men to overcome poverty – has never been more relevant. Nearly a billion rural people are living on less than US\$1.25 a day. Across the globe there are about 500 million smallholder farms supporting approximately 2 billion people. In some countries agriculture is the main source of income for 70 per cent of the rural population.

But the context of our work is a dynamic one and includes increasingly diverse rural livelihoods; degradation of natural resources and accelerating climate change; rising demand for food, biofuels and other agricultural goods and services; and higher food prices. Since the price spike of 2007-2008, the international community has launched a number of initiatives supporting nutrition and food security, many of which aid small-scale agriculture. Also, numerous developing countries have begun to give higher priority to food security and nutrition, and some are raising their agriculture budgets. At the same time, there is growing private-sector investment in agriculture. And there are improved prospects for South-South cooperation and for investments to support women's crucial role in agriculture and food security.

New challenges and changes have required shifts in how IFAD does business. The new needs and the dynamic evolution in rural sectors across the world have called for us to sharpen our focus on small-scale agriculture as a driver of economic growth and a crucial source of income and nutrition for many poor rural households.

Strategic objectives

IFAD's overarching goal is to enable poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience. Despite the challenges, new opportunities are emerging both on and off farm, and our role is to help people prepare themselves to exploit them. Rural areas are becoming more dynamic places. Our projects help rural people to:

- become more resilient to climate change, environmental degradation and changing markets
- access services that will help them improve their nutrition and raise their incomes
- take advantage of opportunities for decent work or entrepreneurship both on and off farm
- influence the policies and institutions that govern their livelihoods.

Principles of engagement

Above all, IFAD aims to tailor strategies to each country's context to better target our assistance and support the empowerment of poor rural people. Gender equality and women's empowerment are promoted and genuine opportunities are created for young people. Innovation and learning are fostered and the scaling up of successful initiatives is promoted. We work closely with partners. Most importantly, we aim to ensure that the results of our assistance are sustainable and continue to benefit communities after projects are closed – making lasting changes in communities and in people's lives.

See Strategic Framework 2011-2015:
http://www.ifad.org/sf/strategic_e.pdf.



Facing challenges – sharing solutions

Because the issues that shape IFAD's work are ever-changing, we are a learning organization – striving constantly to build our own knowledge, to share it with others, and to encourage and enable our partners to learn too.

This dimension was apparent in the Second Global AgriKnowledge Share Fair, an 'out-of-the-box' event that took place at IFAD over four days in September 2011. More than 160 presenters from over 70 countries shared their creative ideas and experiences on emerging trends relating to agriculture, climate change and food security, and on services and technologies, such as mobile phones and social media, which are profoundly changing how development works. See <http://www.sharefair.net>. Throughout the event, social reporters updated those who could not be present, reaching over 2 million people worldwide, which extended the discussions far beyond the walls of IFAD headquarters.

This chapter spotlights priority issues and key groups we focus on.

Supporting the empowerment of poor rural women

The decades-long campaign for gender equality by IFAD and many other organizations is beginning to show genuine results. It also illustrates how much more women could contribute in a more egalitarian world. According to the 2010-2011 State of Food and Agriculture report produced by the Food and Agriculture Organization of the United Nations (FAO), raising women's agricultural productivity by closing the gender gap in access to inputs could reduce the number of hungry people by 100-150 million.

The growing participation of women in IFAD-supported training programmes demonstrates their important and increasing role in food production and other income-earning activities. In results reported in 2011, women made up 60 per cent of all

people trained in business and entrepreneurship and in community management topics. Meanwhile, over half of the 1.2 million trained in livestock production were women, as were one third of the 4.5 million trained worldwide in crop production. IFAD will present a gender policy to the Executive Board in early 2012.

In June 2011, IFAD and FAO concluded a two-year joint programme on capacity-building and knowledge management training for gender equality. A grant of US\$1.5 million from IFAD supported more than 30 activities, involving both staff and beneficiaries, in all the regions where we work.

Developing gender sensitivity in value chains is increasingly recognized as an important method for reducing poverty and achieving gender equality. With the support of IFAD, Oxfam Novib piloted a community-led process for the coffee, maize, bean and fruit value chains in Uganda using the Gender Action Learning System (GALS), an empowerment methodology that emphasizes wealth creation and gender justice.

Working with young rural people

Today's generation of young people is the largest ever. Across the developing world, 15- to 24-year-olds make up on average 20 per cent of the population. They have the potential to bring about a sea change in their countries and in their own lives. But one of the biggest challenges these young people face is finding decent work. At the end of 2010, about 75 million of them were unemployed. Many more were in part-time or poorly paid work.

With world population set to peak at over 9 billion in 2050 and projections that food availability will need to rise by 60 per cent, young women and men in rural areas will be called upon to increase food production, storage and transformation at unprecedented levels. The opportunities for employment and entrepreneurship are enormous.

IFAD funds projects that prioritize young rural people's needs for training, agricultural skills, and access to financial and rural services. In Viet Nam, for example, a school in Tuyen Quang Province funded by an IFAD-supported project has provided technical and vocational training to nearly 10,000 rural people – most of them young and unemployed. In the Republic of Moldova, the Rural Business Development Programme targeted small and medium-sized farms and enterprises to stimulate the growth of rural business activities, both on and off farm. About 66 per cent of the 1,800 full-time jobs created went to women and men under the age of 30.

At the same time, we also work in partnership with young rural people to enable them to strengthen their groups and associations and build their networking skills. Social media play a key role.

At the beginning of the year, IFAD's Governing Council session discussed how to boost food security and reduce poverty by involving young rural people in a dynamic, modern agribusiness sector. Following this, an IFAD grant funded the establishment of the Global Youth Innovation Network (GYIN) in collaboration with the Phelps Stokes Fund. See <http://www.gyin.org>.

GYIN started out as a dynamic platform connecting young entrepreneurs. It originally began work in West and Central Africa, but quickly spread and grew into a vibrant network whose motto is 'Youth entrepreneurs – agents of change'. By the end of the year, there were over 2,500 members in 72 countries worldwide. About 45 per cent of them were women. A conference held in October in Benin gave members from 50 countries an opportunity to meet face to face and discuss challenges, opportunities and plans.

Work also started under an IFAD grant of US\$1.8 million to the Songhai Centre promoting rural youth and agricultural business development in West and Central Africa. Following the GYIN conference in October 2011, the Government of Benin committed to mobilizing CFAF 23 billion (US\$47 million) to establish more Songhai Centres in Benin. A key objective is to train 1,500 young agroentrepreneurs over the next four years.

In November, we cofinanced the African Youth Day conference on entrepreneurship in Johannesburg, South Africa. It was held by the Organisation of African Youth and its theme was African Youth

Empowerment in the 21st Century: Unity, Ethical Entrepreneurship and Agricultural Transformation. One of the three main topics was youth entry into agriculture.

Another IFAD grant is funding the mapping of young farmers' organizations by the International Movement of Catholic Agricultural and Rural Youth, in collaboration with FAO. During 2011, regional consultations were held in Africa, Asia and Latin America. The findings will be shared at a special session for young farmers during the Farmers' Forum in February 2012.

Value chains and access to markets

Helping poor rural producers raise their income by 'moving up' the value chain is an important component of IFAD's work. Through our grants and investment projects, we support activities, services, facilities and information that help poor farmers add value to their products and reach markets. Poverty reduction through value chain development has the following objectives:

- raising prices at the farm gate
- building strong, inclusive farmers' organizations
- facilitating access to new markets for women and poor social groups
- lowering prices to consumers by improving chain efficiency.

The projects we support include developing access to markets by financing roads, strengthening producers' groups, improving provision of financial and business development services, developing processing facilities and providing market information. Some 14 per cent of financing for the ongoing portfolio supports the development of markets and related infrastructure (Chart 14). Results reported in 2011 showed 18,000 kilometres of road built or repaired.

One IFAD-supported project is helping poor rural families who raise angora and *cashgora* goats in Tajikistan to improve their breeding stock and fibre-processing methods. The project, which is managed by the International Center for Agricultural Research in the Dry Areas, works with men and women goat owners to increase productivity. Women also receive help to spin finer-quality fibres. The new technologies are enabling these women to increase their incomes from fibre processing, and they are starting to sell for

export to Central Asia, Europe and the United States. A website was set up in 2011 to promote the project and facilitate links with wholesale buyers. See <http://www.adventureyarns.com>.

We also participated in the United Nations Value Chain Development working group, which resulted in a joint publication entitled *Approaches and activities by seven UN agencies and opportunities for interagency cooperation*.

The recent food price crisis has spurred thinking in IFAD on how higher food prices can benefit smallholder farming and rural poor communities. This topic was discussed at a major conference, New Directions for Smallholder Agriculture, which addressed how to help the poorest farmers link up to modern value chains. Held at IFAD in January 2011, it was attended by technical experts, academics and representatives of Member States and the private sector.

Rural financial services and weather insurance

Only about 10 per cent of poor rural people in developing countries have access to even the most basic financial services. IFAD works to strengthen access for both on-farm and off-farm activities, with about 16 per cent of our ongoing portfolio supporting rural financial services in 2011 (Chart 14). Results reported in 2011 from ongoing projects include 30 million borrowers from IFAD-assisted microfinance institutions – 83 per cent of them women – and 15 million voluntary savers. The average loan size is US\$200 and average savings are US\$127. We also work with our partner governments and other stakeholders at the policy level to improve the provision of financial services to agriculture.

We are now an active member of the Making Finance Work for Africa (MFW4A) partnership, a donor working group on agricultural finance. The partnership champions the implementation of the Kampala Principles for Agricultural Finance, which were adopted in Uganda in June 2011. The 11 principles outline the actions most urgently required to foster effective provision of financial services to the agricultural sector in Africa.

Through the Improving Capacity Building in Rural Finance Partnership, we are working with FAO, the World Bank, the United Nations Capital Development Fund and the Government of

Germany to address critical issues related to the use of subsidies in rural and agricultural finance. A joint report entitled *Subsidies as an instrument in agriculture finance: A review* was issued in 2011.

Our partnership with the Microfinance Information eXchange (MIX), a non-profit organization that provides microfinance performance data, helps us improve our performance monitoring in rural finance (see page 48).

We also worked to strengthen our strategic partnership with the Consultative Group to Assist the Poor (CGAP), approving a second grant to the Group of US\$1.5 million over the next three years. This partnership allows us to hone the effectiveness and impact of our rural finance interventions by tapping CGAP's recognized knowledge base, experience and technical expertise. As a member of the CGAP Executive Committee, we are also advocating with them to target smallholder producers in rural areas.

During the year, about 30 staff took part in the IFAD Rural Finance In-house Capacity Development and Learning Programme 2011-2013. We also prepared guidelines on decision-making steps for IFAD and WFP country programme management staff and other donors interested in promoting weather index-based insurance products as a tool to reduce smallholder farmers' vulnerability to weather.

See http://www.ifad.org/ruralfinance/pub/WII_tech_guide.pdf.

Facing environmental challenges

Unpredictable environmental dynamics spurred by climate change are an ever-larger challenge for the poor rural farmers of the developing world, who are the most dependent on the natural environment for their livelihoods and well-being. Around 70 per cent of the projects we support are located in ecologically fragile, marginal environments. When these are under threat, so are their inhabitants.

We know that poor rural people can only escape from poverty if they are enabled to manage their natural assets. Therefore, environmental challenges have to be addressed comprehensively and coherently, not as individual 'silo' issues. This calls for helping poor rural women and men to develop the resilience to respond to constantly evolving conditions. Results from our ongoing projects reported in 2011 showed 5.5 million hectares of

common-property-resource land under improved management techniques – up about 12 per cent from the 4.9 million hectares reported in 2010.

In 2011, we developed our first Environment and Natural Resource Management Policy, an overarching and coordinated framework to address the interlinked challenges of natural resource management, climate change and biodiversity. Both the Strategic Framework and the policy underscore IFAD's determination to better integrate environmental considerations throughout our entire portfolio. Analysis of climate change impacts on livelihoods and natural resources is being increasingly incorporated into our country strategic opportunities programmes (COSOPs). We have also undertaken strategic environmental assessments in Egypt and Honduras. Such initiatives are helping poor farmers to respond to the demanding role that global environmental change has thrust upon them.

Managing land and water

Sustainable, equitable management of land and water is essential for rural poverty reduction. In 2011, knowledge generation and sharing on issues related to land and water were boosted through the Water for Food initiative funded by the Government of Switzerland. This initiative works to improve the performance of IFAD's portfolio in this area and to sharpen our learning.

IFAD supports innovative applied research programmes in water for poor rural people, funding several initiatives with global coverage. For example, the Spate Irrigation Network (UNESCO-IHE Institute for Water Education) seeks to close the generation gap in knowledge on agricultural water management practice and theory. The network is creating a new, younger wave of academic expertise coupled with field experience at the water-user level in countries such as Ethiopia and Pakistan that depend on these spate irrigation methods to feed millions. We also sponsor land and water innovations. For example, Egyptian farmers' and water users' associations are using smart information and communication technologies for water and weather forecasting. And a simple, low-cost device for turning wastewater into water safe enough for food use is being sold by street vendors in Ghana. See <http://www.sharefair.net>.

Access to agricultural land is increasingly a problem for poor rural people. Land degradation –

some of it related to climate change – and competition from non-agricultural sectors are serious constraints. Through one IFAD-funded project in north-east India, degraded *jhumland* (shifting cultivation land) is being restored. Social mobilization and support for traditional village institutions in these areas has been critical to the project's success. The network of forest and community biodiversity conservation lands or community conserved areas has reached about 1,835 square kilometres.

Confronting climate change

Consensus is growing that climate change is transforming the context for rural development, changing the environment and socio-economic landscape, and raising the cost of helping smallholders escape from poverty.

IFAD increasingly supports sustainable, 'climate-smart' approaches that go beyond standard best practices. Such approaches take into account the increasing and interconnected risks posed by a changing climate and natural resource scarcity. They aim not only to reduce poverty but also to increase resilience to risks in general. Better environmental outcomes and other benefits including carbon sequestration are among their objectives. Climate-smart approaches also seek to ensure that poor agricultural communities benefit from climate finance.

IFAD is addressing climate change in over 40 countries through 22 loans and 15 grants. These involve diverse activities, such as reforestation and land and soil restoration; water harvesting and moisture retention; drought and salinization resistance for crops and livestock; development of knowledge about local climates and natural resource management; agroforestry; renewable energy; weather index-based insurance; and rewards for environmental services. All of these can play a role in enabling poor rural people to overcome poverty. IFAD loans and grants are also complemented by grants from the Global Environment Facility (GEF) – a close partner in our work to enable poor rural communities to restore and protect the environment (see page 45).

IFAD's goal, as laid out in the 2010 Climate Change Strategy, is to have a fully climate-smart portfolio. To achieve this, we expanded our

Environment and Climate Division in 2011, adding climate and environment specialists in all regions.

We stepped up our advocacy at the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change in Durban, South Africa. IFAD President Kanayo F. Nwanze delivered a keynote address to open the Agriculture and Rural Development Day 2011 that was held at the same time. We also partnered with the Southern African Confederation of Agricultural Unions to advocate for inclusion of agriculture in the climate negotiations.

During 2011, we designed the Adaptation for Smallholder Agriculture Programme (ASAP), a multi-donor grant cofinancing programme to channel more climate finance to poor rural people by integrating it into IFAD-supported investments. It will also construct a knowledge base of adaptation approaches that can be shared and scaled up. The programme has the following core goals:

- reduce yield losses associated with climate impact through improved land management and climate-resilient agricultural practices
- increase the availability of water and its efficient use for smallholder agricultural production and processing
- build institutional capacity to adapt to climate change at local and national level
- strengthen disaster risk reduction at community level
- promote technologies to reduce the vulnerability of rural livelihoods and increase efficiency along agricultural value chains
- develop climate-resilient rural infrastructure.

Supporting biodiversity

Enabling people to sustainably manage their ecological patrimony improves their income, nutrition, self-esteem and response to environmental challenges. IFAD has funded work related to biodiversity through 39 loans totalling over US\$500 million and 44 grants with a total value of US\$42 million. We fully support the United Nations Decade on Biodiversity, which was declared in 2011 and will run until 2020, with the goal of significantly reducing biodiversity loss.

Through a grant of US\$1.5 million approved in 2011, IFAD is supporting a new mechanism to prioritize conservation and use of biodiversity for

poverty reduction – the Benefit-sharing Fund of the International Treaty on Plant Genetic Resources for Food and Agriculture. We also share knowledge with other organizations working on biodiversity, including Bioversity International, Oxfam Italia, Oxfam Novib and the United Nations Convention on Biological Diversity itself.

During the year, our Executive Board approved a project in Bangladesh that exemplifies how IFAD focuses on improving access to fishery resources and conservation of biodiversity (see CD-ROM). In Kyrgyzstan, an ongoing forestry and carbon trading initiative is helping to improve biodiversity; for example, by increasing access to non-timber forest products.

Food and nutrition security

During 2011, IFAD finalized its Strategic Framework 2011-2015 (see page 5), whose overarching goal is “Enabling poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience”. In our strategic vision for the Ninth Replenishment period (2013-2015), we committed ourselves to acting as a “global catalyst of investments to enable smallholder agriculture to drive progress towards food security and improved nutrition, poverty reduction and more resilient ecosystems”.

Poor rural people confront a dynamic environment with new risks and threats, but also new opportunities. Environmental degradation, growing resource scarcities, volatile markets and food price spikes all put great pressure on the livelihoods and food and nutrition security of smallholders and poor rural women and men. At the same time, growing demand for food and other agricultural products and services, coupled with the transformation of agricultural markets, presents major opportunities for smallholders. But the key is to ensure that they have the assets, services, capabilities and institutional environment to produce more, more sustainably, with greater resilience to environmental and climatic changes, and with more effective integration into vibrant markets.

IFAD projected this message at several important global initiatives concerning food and nutrition security during 2011. Together with partner international organizations, we produced a report to the G20 analysing the implications of food price

volatility for vulnerable people and countries, and suggesting policy options to address the problem. IFAD's contribution focused on the impact of food price volatility on smallholder farmers, while also stressing that farmers can nevertheless be an important part of the solution. The report was a key input into the G20 Action Plan on Food Price Volatility and Agriculture issued in June 2011.

We also continued our assistance to the work of the United Nations High-Level Task Force on the Global Food Security Crisis, preparing a summary of the Updated Comprehensive Framework for Action on food and nutrition security, which was circulated at the 37th session of the Committee on World Food Security (CFS) in October. IFAD led the team that prepared a CFS round table on How to Increase Food Security and Smallholder-sensitive Investments in Agriculture (see page 44).

In addition, we served on the monitoring and evaluation task force of the global Scaling Up Nutrition movement, which is helping hard-hit countries to expand their efforts to combat undernutrition. We contributed to a road map for the new Food Security Information Network, which will help strengthen country and regional food security information in the most at-risk regions. We participated in the steering committee overseeing reforms of the United Nations Standing Committee on Nutrition. We also helped to expand the Ending Child Hunger and Undernutrition Partnership as a member of the Advisory Group.

Land tenure and responsible investment in agriculture

Having secure tenure of land is fundamental if poor farmers are to improve their food security and increase their productivity. The path to achieving this is becoming more complex as world population grows and the amount of usable land diminishes because of declining soil fertility and climate change. It is crucial for all parties to agree on policies governing land tenure.

In 2011, IFAD worked with the CFS, FAO and other partners to elaborate the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests. These guidelines are intended to help states, civil society and the private sector to improve tenure governance by setting out principles

and internationally accepted standards for responsible practices.

The CFS led intergovernmental negotiations to review the draft guidelines, which began in July and continued in October. Representatives of approximately 70 countries, 45 civil society groups and one private sector organization attended. We participated in these negotiations, promoting smallholder farmers as the principal investors in land and agriculture.

In May 2011, an IFAD-FAO team took part in an assessment of land reform in Madagascar. The final report gave recommendations for continuing this important process, which meets a genuine demand for a simplified, decentralized, accessible system that enables smallholder farmers and other poor rural people to obtain security of land tenure. The Malagasy experience was presented during the 2011 Share Fair, and discussions continued after the event through the recently launched Land Portal. See <http://www.landportal.info>.

During the year, IFAD began an analysis of lessons learned on land tenure issues to inform the operations we support in Latin America and the Caribbean, and Asia and the Pacific. The aim is to produce a 'way forward' document. To substantiate the analysis, case studies from the Plurinational State of Bolivia and the Lao People's Democratic Republic will be used. We also took part in the fifth International Conference and Assembly of Members of the International Land Coalition in Tirana, Albania, in May 2011 (see page 43).

Remittances

Migrant workers and the money they send home have a tremendous impact on families, communities and nations. IFAD estimates that well over US\$350 billion in remittances was sent home during 2011. IFAD's Financing Facility for Remittances works to reduce the cost of transferring money, provide banking services in rural areas and promote productive investment in migrants' home countries.

The Facility is grounded firmly in the experience of almost 50 projects throughout the world, along with independent research and the knowledge of its partners. Starting with a modest US\$9 million in grant funding, the Facility has become a US\$22 million centre of expertise on remittances.

Projects funded by it are helping to transform rural people's access to basic financial services:

- In Paraguay, the Konecta company has launched a financial services platform using mobile phone technology. More than 2,000 remittance recipients have opened mobile bank accounts, which allow them to pay their bills at over 700 points of sale.
- In the Gedo region of Somalia, remittances can now be collected from local stores in the form of groceries and other vital products thanks to an online cash transfer system created by the Himilo Relief and Development Association. It allows quick access to remittances while minimizing exposure to security risks.
- In Sri Lanka, Hatton National Bank is offering new remittance services and savings accounts specifically tailored to households headed by women. More than 200 savings accounts were opened in the first two months of the pilot phase alone, and the model will be rolled out to all Hatton National Bank branches.
- In Albania and Kosovo, the International Agency for Source Country Information has partnered with a network of microfinance institutions to reach over 1,100 migrants with innovative financial products.

Based on successful experiences in Somalia and other conflict-stricken countries, in May 2011 the Facility launched the Diaspora Investment in Agriculture initiative, exclusively targeting post-conflict countries and fragile states. Innovative agricultural projects will be identified, designed and pilot tested in collaboration with diaspora groups, individual investors and agribusinesses. The initiative was set up in collaboration with the United States Department of State.

Indigenous peoples

IFAD has worked with indigenous peoples for more than 30 years. During 2011, the IFAD Executive Board approved 11 projects, in Africa, Latin America and Asia, supporting indigenous and tribal peoples, ethnic minorities and pastoralists. Total funding amounted to US\$95 million. These projects focus on agricultural development, capacity-building in communities, and improved natural resource management and biodiversity conservation. Our

experience has taught us to respect diversity and distinctiveness, not just as human values but also as economic assets.

An ongoing IFAD-supported project in Ecuador is using solutions proposed by indigenous peoples to diversify their incomes and strengthen their skills, with a focus on handicraft production and tourism, while also revitalizing their heritage. The project is helping people to build entrepreneurial capacities and improve management of natural resources.

IFAD's Strategic Framework 2011-2015 highlighted the problems resulting from the lack of effective political representation for indigenous groups. We continue to expand our policy engagement with our Member States – working with indigenous peoples' organizations, farmers' groups, governments and other partners to develop inclusive, comprehensive and coherent rural development policies for poverty reduction and food security.

As part of IFAD's Policy on Engagement with Indigenous Peoples, we set up an Indigenous Peoples' Forum in February 2011. It will hold global sessions every two years beginning in 2013. The first session will be preceded, in 2012, by regional consultations in Africa, Asia, the Pacific, and Latin America and the Caribbean.

The Forum provides a platform for dialogue between representatives of indigenous peoples – particularly those involved in IFAD-financed projects – and IFAD staff and Member States, with a focus on how we work together in the field. The Forum will also help IFAD monitor implementation of the policy, which was approved by the Executive Board in September 2009. It also promotes participation of indigenous peoples' groups in IFAD-supported activities at country, regional and international levels, during all stages of programme cycles.

In 2011, IFAD received an award from an indigenous peoples' organization in Peru – *Centro de Culturas Indígenas del Perú* – in recognition of our contribution to the development of indigenous peoples and the protection of their rights.

IFAD also supports a dedicated fund, the Indigenous Peoples Assistance Facility (see page 45).



Programme of work for 2011

In 2011, IFAD's programme of loans and grants grew substantially, with new approvals reaching a record level of US\$997.6 million – an increase of about 18 per cent over 2010.

This was the second year of our Eighth Replenishment period. At the end of 2011, investments were on track to meet the Eighth Replenishment target of raising the level of our new commitments by 50 per cent during the three-year period 2010-2012.

While our programme of work has expanded substantially, growth in our administrative budget has been contained, indicating significant efficiency gains. The efficiency ratio – measured as a ratio of the administrative budget to the programme of loans and grants – is projected to reach 12.5 per cent in 2012, surpassing the target of 13.5 per cent.

If external financing directly managed by IFAD is also included, the efficiency ratio improves to 9.5 per cent in 2011 and is projected to improve further to about 8 per cent in 2012. IFAD-managed commitments from other sources include funds from the Global Agriculture and Food Security Program

(GAFSP), the Spanish Food Security Cofinancing Facility Trust Fund, the European Commission, the OPEC Fund for International Development and the Global Environment Facility (GEF).

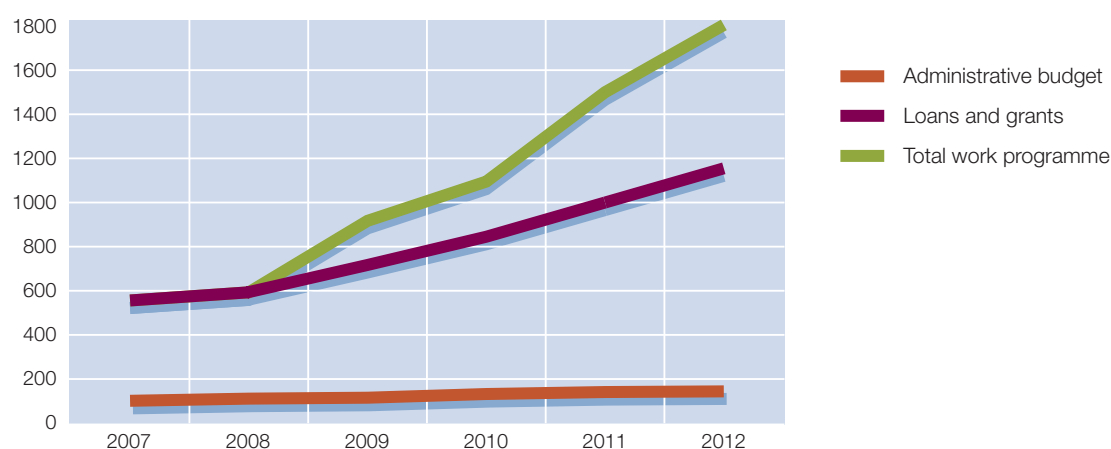
Chart 4 shows the expansion of the programme of loans and grants and the full work programme against the changes in the administrative budget, which has risen from US\$101.3 million in 2007 to a projected US\$144.0 million in 2012.

The size of our ongoing portfolio also increased, as new programmes and projects started work and current successful interventions were scaled up. At the end of the year, we were financing 240 ongoing programmes and projects with IFAD investments of US\$4.6 billion (Table 4) in 93 countries and 1 territory.

For the ongoing portfolio, external cofinancing amounts to US\$2.5 billion and funds from domestic sources to US\$3.2 billion, bringing the total value of these programmes and projects to US\$10.3 billion.

Domestic contributions in particular have increased over recent years – underlining country

CHART 4
Expansion of IFAD's programme of loans and grants, and changes in the administrative budget
Amounts in US\$ million



Number of ongoing programmes and projects by region and country at end 2011

240 programmes and projects

93 countries and 1 territory

Near East, North Africa and Europe

42 projects

15 countries and 1 territory

Albania	2
Armenia	2
Azerbaijan	2
Bosnia and Herzegovina	2
Djibouti	2
Egypt	3
Gaza and the West Bank	1
Georgia	1
Jordan	1
Morocco	3
Republic of Moldova	3
Sudan	7
Syrian Arab Republic	3
Tunisia	2
Turkey	3
Yemen	5

Asia and the Pacific

61 projects

19 countries

Afghanistan	1
Bangladesh	6
Bhutan	2
Cambodia	2
China	5
India	9
Indonesia	3
Kyrgyzstan	1
Lao People's Democratic Republic	4
Maldives	2
Mongolia	1
Nepal	4
Pakistan	4
Papua New Guinea	1
Philippines	3
Solomon Islands	1
Sri Lanka	5
Tajikistan	2
Viet Nam	5

Latin America and the Caribbean

31 projects

19 countries

Argentina	3
Belize	1
Bolivia (Plurinational State of)	2
Brazil	1
Colombia	1
Dominican Republic	1
Ecuador	2
El Salvador	2
Grenada	1
Guatemala	2
Guyana	1
Haiti	2
Honduras	2
Mexico	2
Nicaragua	2
Panama	1
Paraguay	1
Peru	2
Venezuela (Bolivarian Republic of)	2

West and Central Africa

54 projects

23 countries

Benin	2
Burkina Faso	5
Cameroon	3
Cape Verde	1
Central African Republic	1
Chad	2
Congo	2
Côte d'Ivoire	1
Democratic Republic of the Congo	3
Gabon	1
Gambia (The)	3
Ghana	4
Guinea	3
Guinea-Bissau	1
Liberia	1
Mali	5
Mauritania	2
Niger	3
Nigeria	3
Sao Tome and Principe	1
Senegal	3
Sierra Leone	3
Togo	1

East and Southern Africa

52 projects

17 countries

Angola	1
Burundi	4
Comoros	1
Eritrea	2
Ethiopia	4
Kenya	5
Lesotho	2
Madagascar	4
Malawi	3
Mauritius	1
Mozambique	4
Rwanda	4
South Sudan ^a	1
Swaziland	2
Uganda	5
United Republic of Tanzania	5
Zambia	4

IFAD country offices

● 2011

● planned 2012–2013

^a The Republic of South Sudan became an independent state on 9 July 2011 and an IFAD Member State on 22 February 2012.

ownership and commitment to the rural poverty reduction interventions we support. Domestic contributions tripled in value from US\$274.0 million in 2007 to US\$832.4 million in 2011 (Table 1).

During 2011, nine ongoing programmes and projects received additional funds to a total value of US\$47.5 million. At the same time, financing for a total of €108.6 million from the Spanish Food Security Cofinancing Facility Trust Fund (see page 62) was approved to scale up seven IFAD-supported programmes and projects – five in Latin America and the Caribbean, one in Africa and one in Asia.

Levels of disbursement also rose rapidly during 2011 as a result of the increased size of the portfolio and the more intense support given to implementation (see Tables 1, 9 and 10).

For 2012, IFAD proposes to commit approximately US\$1.15 billion in loans and grants from our resources. This may be supplemented by approximately US\$0.65 billion in cofinancing directly managed and supervised by IFAD.

West and Central Africa

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

Overview

Economies in sub-Saharan Africa as a whole have apparently weathered the global financial crisis and they started to rebound in 2010 and 2011. In the West and Central Africa region, the Congo, Ghana, the Niger and Nigeria, in particular, posted high growth rates.

Unfortunately, good growth rates do not necessarily translate into a reduction in poverty and hunger, or increased equality. Progress towards the first Millennium Development Goal (MDG) is uneven across the region, with countries such as the Central African Republic, Ghana and Mauritania largely on track to halve poverty by 2015, while Côte d'Ivoire, Mali and Nigeria are far from the target.

Although the region overall is experiencing rapid urbanization, agriculture continues to be the primary source of income – typically for 60 to 70 per cent of the population. And while growing demand for agricultural produce offers opportunities to smallholder farmers, natural resource management challenges and climate change make it difficult for them to take advantage of market openings.

Use of fertilizer in the region is extremely low, at about 6 kilograms per hectare, compared with about 14 kilograms per hectare in East and Southern Africa and 140 kilograms in Latin America and South Asia. Use of high-quality seed is also much lower than it could be.

CHART 5a
IFAD loans by lending terms and DSF grants,
1978-2011

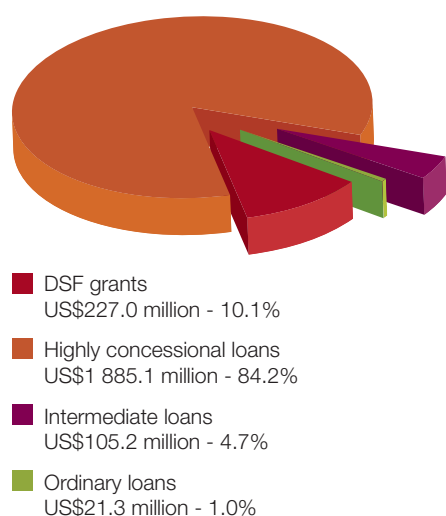
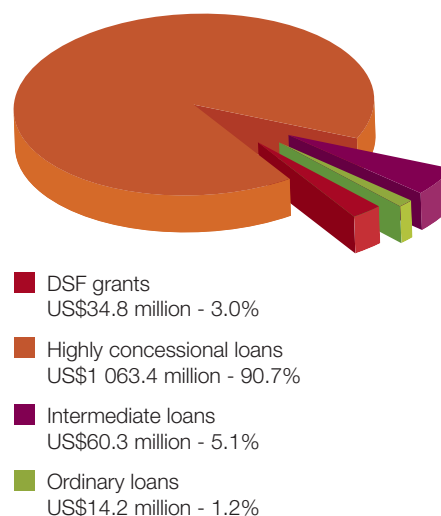


CHART 5b
Loan disbursements by lending terms
and DSF disbursements, 1979-2011^a



^a Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

Story from the field

Sowing the seeds of change in central Chad

In one of the most vulnerable areas of one of the poorest countries in the world, IFAD-funded interventions have helped introduce significant and lasting changes.

The second phase of the Food Security Project in the Northern Guéra Region of Chad introduced literacy training, combined with capacity-building and awareness-raising. This provided solid foundations on which to base other interventions and make them sustainable. Partnering with the Belgian Fund for Food Security, the project built schools, warehouses, wells and water pumps. It also taught improved nutrition and management skills to enable communities to run cereal banks, village credit and savings systems, and local water committees. The results are evident: growing local economies, healthier diets, rising incomes and better schooling for children.

The warehouses and cereal bank system have allowed people to ration their grain and store it safely. In a good season, farmers now have enough to feed the household through the year and a surplus to generate a little cash.

“Before we set up the credit and savings system, it was difficult to find any money in the village – even 50 francs [equivalent to about US\$0.11],” says

Halimé, a woman from Gamé village. “Now people are borrowing from the savings bank and making money. Everyone who has borrowed has been successful.”

Women have used credit to grow tomatoes and other vegetables, or to open small stores in the villages, selling meat and basic supplies for the home. Diets are healthier as a result, and children and adults are more resistant to disease.

The second phase of the project closed in 2009, but local people say the benefits have lasted. The management groups continue to function well and a new culture of working together has taken hold. With the basic tools to improve their well-being, communities have acquired a sense of autonomy and the capacity and motivation to continue developing beyond the life of the project. “We know how to manage things for ourselves,” says Moussa Arun, a farmer from Gamé.

The new IFAD-financed Rural Development Support Programme in Guéra will continue to build on the achievements of the previous two projects.

Saïda Suleyman, president of the literacy group in Kofilo village, says literacy training has transformed the villagers' lives
Chad: Food Security Project in the Northern Guéra Region Phase II
©IFAD/S. Morgan



Access to financial services is another factor limiting growth. With the exception of Cape Verde, less than 5 per cent of adults have loans with banks or microfinance institutions, and this figure is even lower in rural areas.

Real or perceived political instability is the main impediment to investment in West and Central Africa, coming above poor infrastructure and corruption. In contrast to the situation in Côte d'Ivoire, the peaceful transfer of power in Ghana in 2009 dramatically increased public and private investment.

The total population is about 423 million, of which 55 per cent live in rural areas. In countries for which data are available, about 42 per cent live on less than US\$1.25 a day.¹

Our work and results in 2011

Our work in the region focuses on:

- natural resource management
- rural finance and microenterprise development
- agricultural markets and off-farm rural development
- local and national policy processes.

We also support the empowerment of women and young people.

Natural resource management

Countries across West and Central Africa are feeling the impacts of climate change, and soil and water management challenges affect the entire region – from the arid Sahara to the humid Congo rainforest. However, the human consequences of climate change are being felt most immediately by the populations of the Sahara-Sahel ecosystems, where persistent droughts quickly undermine fragile livelihood systems.

In order to help farmers build their resilience in the face of these climatic challenges, IFAD-supported programmes in Burkina Faso and the Niger have been promoting techniques that strengthen natural regeneration. These include soil and water conservation practices, and re-greening activities managed by farmers.

Tried and tested soil and water conservation interventions have been expanded to new provinces

with good results. These include techniques such as *tassa* or *zai* pits and *demi-lunes* earth embankments, which use small earth and stone works to collect and conserve rainfall. About 500,000 hectares of degraded land have been rehabilitated. Re-greening activities managed by farmers include tree planting and nurturing tree seedlings that spring up spontaneously.

Farmers in the programme areas are sharing new learning approaches, and there is increased policy and institutional support. We are promoting expansion of such activities with funding from the GEF (see page 45) and through improved partnership mechanisms, including cash-for-work with WFP.

These techniques have helped increase the resilience of smallholder families in the face of climate variability, with studies showing that infant mortality rates have not increased during food shortages, as in other villages. This is because farmers are able to harvest fruit and leaves for consumption, and prune or cut some trees to sell as timber or fuel at markets, giving them cash to buy expensive cereals.

Portfolio management highlights

- 54 ongoing programmes and projects in 23 countries in the region at the end of 2011
- US\$826.0 million invested by IFAD in the region's ongoing portfolio
- 9 new programmes and projects in the Central African Republic, the Congo, Côte d'Ivoire, Ghana, Liberia, Mauritania, the Niger, Senegal and Sierra Leone for a total IFAD investment of US\$164.0 million
- supplementary financing worth US\$9.1 million provided to an ongoing programme in Guinea
- Spanish Food Security Cofinancing Facility Trust Fund financing of €7.0 million (approximately US\$10.1 million) approved for Senegal
- 3 new results-based country strategic opportunities programmes (COSOPs) for Benin, the Democratic Republic of the Congo and Liberia

¹ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries in the region: Cameroon, Central African Republic, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Ghana, Guinea, Liberia, Mali, Mauritania, Niger, Senegal and Togo. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

An IFAD grant to the Vu-Windesheim Association, Supporting Farmer-managed Natural Regeneration in the Sahel, will scale up these activities to Mali, Mauritania and Senegal. The grant was approved in December 2010 and has begun to stocktake the experiences in re-greening in Burkina Faso and the Niger in IFAD-funded projects and beyond.

Rural finance and microenterprise development

Several of the countries in the region are seeing good, consistent agricultural growth. This provides the basis for a more diverse and inclusive rural economy founded on small businesses and microenterprises related to farms, services and trade. These provide job opportunities primarily for rural women and young people.

In Ghana, the second phase of the IFAD-supported Rural Enterprises Project has set up 66 business advisory centres. In addition, 14 of 22 newly-created districts have set up business advisory centres with their own funds. The project has trained 100,000 clients in trade skills, business management and marketing – against the originally foreseen 70,000. About 25,000 rural small business and microenterprise clients have been linked to larger commercial operations.

Overall, about 60 per cent of clients who receive training and about 70 per cent of those given start-up

kits are able to go into business for themselves. We are working to estimate how much indirect employment – among suppliers and marketers – is associated with enterprises supported by the project. Preliminary data show that nearly 3,000 clients of the project's Initiative for Rural Enterprises Growth and Employment Creation are supporting about 2,700 suppliers and retailers. IFAD's Independent Office of Evaluation has confirmed the relevance, efficiency and effectiveness of the project's model, and it is being scaled up to national level under a recently approved third phase of the project (see page 55).

Agricultural markets and off-farm rural development

Regional and global demand for West and Central Africa's agricultural products is growing rapidly. If smallholder farmers are to benefit from the expanded opportunities, it is essential to scale up basic support to improve their access to markets for inputs and produce.

In Sierra Leone, an IFAD-financed community-based project in the districts of Kono and Kailahun is putting smallholder farmers in a better position to commercialize their products. Since work started in 2009, 290 kilometres of roads have been repaired and about 970 hectares of inland valley swamps have been rehabilitated. Such swamp areas offer considerable potential to intensify production of

Planting for a harsher climate in the Malian Sahel

In the Malian Sahel, drought, diminishing rainfall and the pressure of a growing population are causing the already weakened natural resource base to degrade at an alarming rate. The IFAD-supported Sahelian Areas Development Fund Programme is helping to restore damaged ecosystems and build resilience to a changing climate.

In partnership with the Global Environment Facility and the World Agroforestry Centre, the programme provides technical expertise and training to local populations to help them regenerate trees and vegetation, improve agricultural productivity and relieve pressure on existing resources. It has created and equipped nurseries and tree plantations to allow communities to cultivate native trees and plant species that are fast disappearing, especially the rich *bourgou* grasses that grow in the Niger delta region.

More than 712 hectares of *bourgou* plantations now fringe the delta's lakes and rivers, which has made a significant contribution to the local economy. Last year one small community, Tiachel Pouri, made US\$500 per hectare from selling the grasses. The proceeds paid for fishing equipment, nets and boat repairs.

With the technical support of its partners, the programme introduces new species for greater productivity and resilience to drought. It is also using germplasm technology to help local species adapt to the hotter, drier conditions predicted by experts for the future. The programme's aim is to promote an understanding of ecosystem function within local communities, and a culture of regeneration and cultivation of vital and endangered native species of tree, plant and fish.

rice and vegetables. Some 60 service providers and 140 young women and men have been trained in inland valley swamp rehabilitation techniques. In addition, about 1,500 hectares of cocoa and coffee plantations have been rehabilitated and rice seed has been distributed. In the Kono pilot, for example, farmers have recently harvested and reimbursed 100 bushels of rice seed that were then redistributed to young people.

In order to build on these successes in Sierra Leone, the Smallholder Commercialization Programme was proposed for funding by the GAFSP. The programme was approved in May 2011 and is supervised by IFAD. The major objectives are improved food security and income-generation, as well as value addition and commercialization for food crops and cash crops.

Local and national policy processes

The ability of smallholder farmers to compete with larger producers and other regional sources of supply, such as imports, depends on improving their attractiveness to input and produce markets and financial service providers. This means strengthening their organizations and helping them demonstrate their ability to manage for commercial results.

Together with our governmental partners, we are working to foster the growth of inclusive, sustainable and competitive smallholder producers' organizations in the region. This is a complement to our long-standing work with public service providers and farmers' organization platforms at national level.

For example, the ongoing National Programme to Support Agricultural Value Chain Actors in Guinea focuses on strengthening unions and federations of farmers' associations and financing economic activities identified in their action plans. Management and supervision of certain programme activities (annual programme planning, procurement, financial management, and monitoring and evaluation) are delegated directly to farmer apex organizations with government support. The programme is helping farmers' organizations to take the lead in developing targeted value chains, improving their productivity and competitiveness, and strengthening their professional skills. Additional financing will scale up the same approach in the Upper Guinea region, with work starting in 2012.

East and Southern Africa

22 countries: Angola, Botswana, Burundi, Comoros, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, South Sudan,² Swaziland, Uganda, United Republic of Tanzania, Zambia and Zimbabwe

Overview

The worst drought in 60 years plagued East Africa in 2011, causing a severe food crisis in Ethiopia, Kenya and Somalia. The United Nations officially declared a famine in southern Somalia, the first famine declaration in nearly 30 years. The humanitarian response was hindered by acute lack of funding and security issues in the area.

With much of the region depending on rainfed agriculture, cereal production was severely affected. Food prices were high and volatile even in countries not suffering drought, driven by demand from drought-affected neighbours. Maize prices in Kenya and Uganda hit record levels.

In addition to price volatility, other secondary impacts of the drought were felt across the region. Decreased hydroelectric capacity led to power cuts, domestic water shortages were common and government revenues saw sharp drops.

Southern Africa fared better, with favourable rains, good cereal production levels and more stable prices. Agricultural production in Malawi and Zambia, in particular, benefited from highly subsidized, but unsustainable, fertilizer distribution.

Portfolio management highlights

- 52 ongoing programmes and projects in 17 countries in the region at the end of 2011
- US\$1,145.6 million invested by IFAD in the region's ongoing portfolio
- 5 new programmes and projects in Ethiopia, Lesotho, Malawi, Rwanda and Zambia for a total IFAD investment of US\$218.5 million
- supplementary financing worth US\$5.1 million provided to an ongoing programme in the Comoros and an ongoing project in Rwanda
- 2 new results-based country strategic opportunities programmes (COSOPs) for Mozambique and Zambia

² The Republic of South Sudan became an independent state on 9 July 2011 and an IFAD Member State on 22 February 2012.

Over the medium term (2011-2015), the International Monetary Fund has projected that Ethiopia, Mozambique, the United Republic of Tanzania and Zambia will be among the ten fastest growing economies in the world, with GDP growth rates of between 6.9 and 8.1 per cent.

Progress towards achieving the MDGs in the region has been irregular across the various targets. While there has been remarkable advancement on some, progress towards MDG1 on poverty and hunger is not on track to meet the deadline of 2015. And while the proportion of poor people is decreasing in the region as a whole, the total number is increasing in Southern Africa.

The total population of the region is about 399 million, of which 70 per cent live in rural areas. In countries for which data are available, about 43 per cent live on less than US\$1.25 a day.³

Our work and results in 2011

Our work in the region during 2011 continued to focus on strengthening:

- access to natural resources and their management
- improved agricultural technologies and effective production services
- financial services

- transparent and competitive markets for agricultural inputs and produce
- off-farm employment and enterprise development
- participation in local and national policy and budgetary processes.

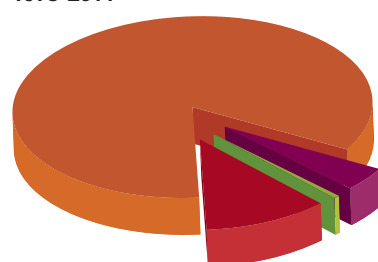
Access to natural resources and their management

Poor rural people's secure and sustainable access to land and water is essential if they are to escape poverty. Equitable and environmentally sustainable management of natural resources is increasingly important as the effects of climate change and resource degradation hit home.

IFAD currently funds 11 projects in the region that are working to improve access to natural resources and their management. In Rwanda, we finance a project supporting the government's strategy to transform the agriculture sector from subsistence to market-based farming.

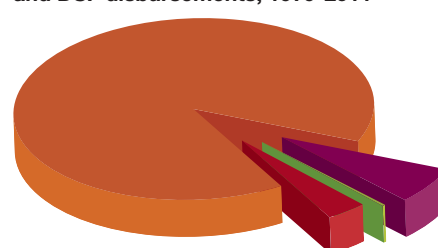
Because of Rwanda's hilly landscapes, terracing, anti-erosion dykes and reforestation are key to protecting watersheds and preserving and increasing soil fertility. Since the project started work in 2006, more than 30 million agroforestry seedlings and

CHART 6a
IFAD loans by lending terms and DSF grants, 1978-2011



- DSF grants
US\$295.1 million - 11.3%
- Highly concessional loans
US\$2 188.4 million - 84.1%
- Intermediate loans
US\$109.0 million - 4.2%
- Ordinary loans
US\$10.7 million - 0.4%

CHART 6b
Loan disbursements by lending terms and DSF disbursements, 1979-2011^a



- DSF grants
US\$53.9 million - 3.7%
- Highly concessional loans
US\$1 317.2 million - 89.9%
- Intermediate loans
US\$93.1 million - 6.4%
- Ordinary loans
US\$1.2 million - 0.1%

^a Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

³ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries: Angola, Burundi, Ethiopia, Kenya, Madagascar, Mozambique, Rwanda, Seychelles, South Africa, United Republic of Tanzania and Uganda. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

50 million pennisetum grass cuttings have been distributed to project participants, with planting encouraged by a food-for-work programme. Nearly 15,000 hectares of land are now registered as under improved management practices.

In an impact survey in early 2011, the number of farmers reporting that their land had good fertility was double that of the 2006 baseline survey. The improved fertility also translated into higher yields, with over 90 per cent of rice farmers in the project area and 88 per cent of the maize farmers reporting increased yields. This in turn improved livelihoods. The number of extremely poor people in the project area had fallen from 52 to 17 per cent, while the number of people in the middle-income category had risen from 46 to 77 per cent.

Improved agricultural technologies and effective production services

Giving poor rural producers access to training in improved technologies for crop and livestock production is a key part of our work in all regions. Across East and Southern Africa, results reported in 2011 showed a total of 274,000 people receiving agricultural training. Some 55 per cent of the total were trained in the United Republic of Tanzania through the agricultural sector-wide approach. This is IFAD's largest investment in the region and is also basket-funded by other donors.

Distribution and restocking of improved livestock breeds is an important part of eight projects in the region – particularly in Burundi, Rwanda and the United Republic of Tanzania. 'Pass-on' schemes are used, in which farmers who receive a cow, sheep or goat pass on offspring to their neighbours. Results reported in 2011 showed that about 22,000 animals were distributed across the region.

Many of the projects we support in the region also facilitate smallholder farmers' access to animal health services, with over 174,000 households receiving veterinary services.

Financial services

Expanding the access of poor rural women and men to financial services is a key component of the work we support across the region. Appropriate credit options that enable them to invest in their businesses and savings products that make it possible to build assets are both essential.

Results are tracked for active borrowers and voluntary savers, and across the region the targets for

both were exceeded. There were about 400,000 active borrowers and nearly 500,000 voluntary savers reported in 2011.

However, the sustainability of savings and credit cooperatives was acknowledged as a key challenge. These grass-roots financial institutions are often too small to meet even minimal service charges. They also suffer from unacceptably high levels of bad debt and have inadequate regulatory frameworks. IFAD's experience in the region has been more positive with microfinance institutions. These institutions typically hold far more assets than savings and credit cooperatives. They are also managed by professionally trained staff and operate within a regulatory framework that requires adherence to sound operating principles.

Transparent and competitive markets for agricultural inputs and produce

It is essential for smallholder farmers to gain access to competitive markets if they are to move out of subsistence farming and begin to make a reasonable living from agriculture. IFAD-supported projects focus on strengthening market infrastructure, building road networks and improving transportation options.

We also work with poor rural women and men to establish and strengthen marketing groups. Belonging to an organized group allows small producers to bulk produce, reduce costs through economies of scale, and strengthen their bargaining power with powerful private sector actors.

An agricultural infrastructure improvement programme in Uganda has constructed about 2,500 kilometres of community access roads and 580 kilometres of feeder roads since work started in 2008. This has brought down transportation costs and raised farm-gate prices for marketed produce. In addition, 30 rural markets have been built and improved storage facilities have extended the shelf-life of agricultural produce.

Off-farm employment and enterprise development

Jobs off the farm and self-employment can make a crucial contribution to a rural household's income. The extra cash can be enough to prevent family members – particularly the young – from migrating to urban areas. Too frequently, migration not only deprives rural areas of the energy and creativity of the younger generation but also adds to the number of

urban poor people. We support training in business skills and entrepreneurship for poor rural people, together with vocational training on the job or in training centres.

In Madagascar, results reported in 2011 indicate that nearly 20,000 women and men have received training in entrepreneurship through an ongoing programme promoting apprenticeships in microenterprises and vocational training. The programme started work in 2008 and operates in five of the country's poorest and most densely populated regions. A monitoring system is being set up to determine how many of those trained go on to find work.

Participation in local and national policy and budgetary processes

Supporting the empowerment of poor rural people at individual and community level also means enabling them to have a voice in policymaking at local and national level. We measure our achievements in this area with two proxy indicators: the number of people trained in community management topics and the number of village and community plans formulated.

Across East and Southern Africa, results in 2011 showed that over 52,000 people were trained in community management and nearly 200 plans were drawn up.

The ongoing project in Rwanda, referred to in the natural resources section earlier, provides a good example of the impact of training in community management topics. Project participants are actively engaged in the planning, management and supervision of activities. Eleven local watershed-based management committees have been established, representing local administration, agricultural cooperatives, women, young people, the private sector and local financial institutions. In an innovative reversal of roles, the project's committees are monitoring local government performance for project-related activities.

This approach is being replicated by another project in Rwanda supporting the shift to market-based agriculture in Kirehe District in the southeast of the country. Here, severe soil erosion and high population density make sustainable management of natural resources all the more important.

Helping Eritrean farmers deal with an unpredictable climate

IFAD works with governments and communities in the region to introduce measures and technologies that reduce the vulnerability of poor rural communities to climate variability and longer-term climate change. Projects are introducing simple techniques for water and land management that prevent damage to soils from flooding and help conserve water. A main focus is restoring ecosystems to bolster the resilience of agricultural livelihoods.

Eritrea is particularly vulnerable to climate change, given its combination of low-lying coastal regions, arid and semi-arid areas, fragile ecosystems and zones prone to drought and desertification. Subsistence farmers, pastoralists, rural inhabitants and fishing communities are all groups at risk. Their

greatest challenge is the unpredictability of rainfall, which can range from erratic to torrential. When heavy rain falls after a period of drought, the water cannot penetrate the hard-caked soil and causes floods.

Climate variability is already creating various problems. To halt land degradation and increase the availability of water to irrigate crops, an IFAD-funded programme introduced soil and water conservation technologies, such as earth or brushwood embankments and terracing. It also introduced microcatchment systems to reduce rainwater run-off and increase soil infiltration. Two medium-scale spate irrigation schemes were constructed, covering about 1,100 hectares and benefiting 1,000 farmers.

Story from the field

Farmers go back to school in Zanzibar

“To tell you the truth, I never dreamed I could be such a successful farmer,” says Tamasha Saleh Haji.

She is talking about the results of the hands-on training she received at a farmers’ field school in Zanzibar in the United Republic of Tanzania. “Before I started the training I knew nothing about how to take care of a banana plant. But then I found out it was just like taking care of your child.”

During the training, Haji learned new technologies to increase the yield of her plants. It was a big success: with her increased income, she is now the main breadwinner in her family and able to pay her children’s school fees and support her husband’s dairy farm.

Haji is one of thousands of farmers who benefited from the 720 farmers’ field schools set up with IFAD support in nine districts of Zanzibar. The majority of the island’s 1.3 million inhabitants are subsistence farmers, and more than half live on less than a dollar a day. Since 2007, IFAD-supported initiatives have worked to reduce poverty, improve food security and increase incomes. A major focus is empowering farmers through education.

Each community participating in the field school determines its specific needs. The programme team then draws up a suitable curriculum and brings

together a group of farmers who study through an entire farming season. Each group has 15 to 20 members, two thirds of whom are women. The schools are led and managed by smallholder farmers who share and use new research and technologies.

An annual review, conducted in May and June 2011 by IFAD’s country office, shows solid increases in productivity. For instance, improved techniques have helped rice farmers raise their yields from 1 ton per hectare to up to 5 tons. Fifteen farmers’ groups sold 65 tons of high-quality rice seed to the government, contributing to national seed reserves.

Meanwhile, awareness is spreading. When people see their neighbours’ success, they form their own farmers’ field schools. More than 40 self-initiated schools have sprung up, and former students have been trained to facilitate them.

Through hands-on training, Tamasha Saleh Haji learned to use new farming technologies to increase her banana yields

United Republic of Tanzania: Agricultural Services Support Programme; and Agricultural Sector Development Programme – Livestock: Support for Pastoral and Agro-Pastoral Development

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Asia and the Pacific

34 countries: Afghanistan, Bangladesh, Bhutan, Cambodia, China, Cook Islands, Democratic People's Republic of Korea, Fiji, India, Indonesia, Islamic Republic of Iran, 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 and Viet Nam

Overview

Developing economies in Asia and the Pacific continued to experience solid growth in 2011. While China and India drove overall performance, countries across the region saw broad economic growth. This was largely due to strong domestic consumption and expanding trade within the area.

At the time of writing, GDP was projected to grow at 7.5 per cent, slightly lower than the 7.8 per cent growth projected earlier in the year. The decline is attributed to expected weak demand from Asia's key trading partners. Given the uncertain global environment, GDP for 2012 is expected to remain at the same level.

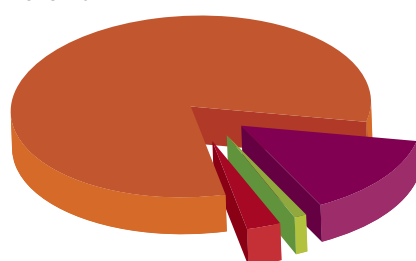
The total population of the region is about 3,784 million, of which 60 per cent live in rural areas. In countries for which data are available, about 27 per cent live on less than US\$1.25 a day.^{4, 5}

According to the United Nations Millennium Development Goals Report for 2011, poverty rates have declined significantly across the subregions since 1990. Eastern Asia showed the greatest improvement with poverty rates decreasing from 60 to 16 per cent. In Southern Asia the rate dropped from 49 to 39 per cent, and in South-Eastern Asia from 39 to 19 per cent. However, in Central Asia, the figure increased from 6 to 19 per cent.

Trends suggest that Eastern Asia and South-Eastern Asia are likely to meet the MDG target of halving extreme poverty and hunger by 2015, although wide disparities exist among countries. The strong gains recorded in Eastern Asia are primarily due to progress in China, while advances in South-Eastern Asia have resulted largely from improvements in Indonesia and the Philippines.

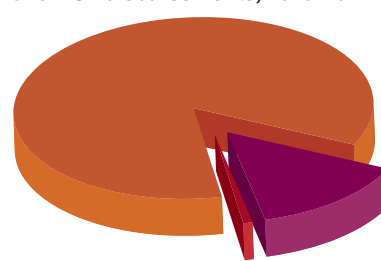
Studies indicate that food prices will remain high and volatile for the foreseeable future, threatening the food security of the poorest people. This is a result of

CHART 7a
IFAD loans by lending terms and DSF grants,
1978-2011



DSF grants	US\$129.3 million - 3.1%
Highly concessional loans	US\$3 416.3 million - 81.7%
Intermediate loans	US\$587.5 million - 14.1%
Ordinary loans	US\$47.0 million - 1.1%

CHART 7b
Loan disbursements by lending terms
and DSF disbursements, 1979-2011^a



DSF grants	US\$29.8 million - 1.1%
Highly concessional loans	US\$2 357.6 million - 84.9%
Intermediate loans	US\$390.5 million - 14.1%

^a Loan disbursements relate solely to Regular Programme loans

⁴ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures exclude Cook Islands and Niue. Data regarding people living below the poverty line are available only for the following countries: Bangladesh, Cambodia, China, India, Indonesia, Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Mongolia, Pakistan, Philippines, Sri Lanka, Thailand, Timor-Leste and Viet Nam. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

⁵ If China is excluded from the figures for Asia and the Pacific, the total population is 2,436 million, of which 64 per cent live in rural areas. In countries for which data are available, about 33 per cent live on less than US\$1.25 a day. If both China and India are excluded from the figures for Asia and the Pacific, the total population is 1,195 million, of which some 58 per cent live in rural areas. In countries for which data are available, about 22 per cent live on less than US\$1.25 a day.

structural factors such as population growth, rising incomes, dietary changes, and low investment in agricultural technology, research and infrastructure. Prices are also being influenced by depletion of natural resources and by expected declines in food production related to climate change.

Our work and results in 2011

Our priorities during the year focused on:

- natural resource management
- agricultural technologies and production services
- financial services
- agricultural markets
- off-farm and enterprise development
- policy and programming.

Natural resource management

Degradation of natural resources is damaging the livelihoods of poor rural people all over the world, and climate change is speeding up this process in some areas. Many of the projects we support work to strengthen people's access to the resources they need to earn a living and to promote sustainable management practices for soil, water, forests, pastures and rangelands. In the region during 2011, our work in this field concentrated on improving land management practices and access to improved water sources for crops, livestock and domestic consumption.

Almost 370,000 hectares of land throughout the region are now under improved practices, primarily in Mongolia, where improvements have been made in pasture rotation and introduction of improved seeds. Around 83,000 households now have access to safer water, among them almost 43,000 in Pakistan and nearly 24,000 in China.

Agricultural technologies and production services

Working with farmers to improve the technologies and inputs they use means helping them to increase their yields and incomes. Proven technologies for smallholder farmers in Asia include improved seeds, better composting methods to boost soil fertility, growing non-paddy crops including other grains and legumes in highlands, and cultivating vegetable gardens to improve family nutrition and diversify produce for market.

Around 65 per cent of households have adopted these methods in an IFAD-supported programme in the south-western part of Orissa state, one of the most deprived regions in India. Buying improved seed, rather than saving it, was the technology that had the most effect on farmers' harvests, almost doubling production. More than half of the smallholders taking part in the programme are also now growing high-value and cash crops in addition to staple crops. Use of irrigation has also increased. As a result of the solid results shown so far, the state government has expanded the programme model to the districts of Malkangiri and Koraput. Funds are being routed directly to nearly 700 villages, where the programme will reach an additional 40,000 tribal families.

Financial services

One of the biggest obstacles facing poor rural residents is lack of credit for the expansion or adoption of improved practices. Savings and credit groups around the world are increasingly helping poor farmers and their families to save and invest in

Portfolio management highlights

- 61 ongoing programmes and projects in 19 countries in the region at the end of 2011
- US\$1,449.5 million invested by IFAD in the region's ongoing portfolio
- 10 new programmes and projects in Bangladesh, China, India, Indonesia, the Lao People's Democratic Republic, Mongolia, Pakistan, Sri Lanka, Tajikistan and Timor-Leste* for a total IFAD investment of US\$340.4 million
- supplementary financing worth US\$5.0 million provided to an ongoing programme in the Lao People's Democratic Republic and an ongoing project in Cambodia
- Spanish Food Security Cofinancing Facility Trust Fund financing of €21.4 million (approximately US\$30.0 million) approved for Bangladesh
- 3 new results-based country strategic opportunities programmes (COSOPs) for China, India and the Lao People's Democratic Republic

* Approved in December 2011

Story from the field

A school on their doorstep for children in the mountains of Pakistan

When Nargis Rahman was a child, there was no school in the village of Manjoot, in Bagh district of Pakistan's Azad Jammu and Kashmir region. So she and her siblings had to walk to a school 40 minutes away, a particularly difficult trek in winter. That is when she decided that her mission was to build a school right in Manjoot.

"I want to give them a good education on their doorstep," Rahman says. Fulfilling that mission has required determination: her first school, which opened with 12 students, was levelled by the 2005 earthquake and her second by a fire in 2008. Construction of the current school was supported by a loan of PKR 30,000 (around US\$335) from the IFAD-supported Azad Jammu and Kashmir Community Development Programme. The current student body of 110 students (60 girls and 50 boys) fills the two-room building to bursting, forcing some into a tent.

The Community Development Programme is transforming this rural region by helping communities analyse and address their needs. The seven-year programme, started in 2004, is supporting more than 3,000 community groups. With FAO assistance, it teaches communities to prepare village development plans, in which residents work with officials to identify

their needs in a participatory way. Public sector service providers then prepare annual workplans and budgets that reflect the needs determined in the village planning process. It is a major shift in culture, from 'top down' to 'bottom up'. Rahman's school loan came from the programme's savings and credit component.

At the school, the children greet a visitor with confidence, proudly demonstrating their proficiency in English. "They start learning English in grade 1," says Rahman, "while the government school begins English classes in grade 6." The children have goals beyond the village: Aliya, age 7, says she wants to be a doctor, while 6-year-old Ehsan, whose father is a day labourer, wants to join the army.

"I believe that now children of this remote mountain village are receiving a better education," says Rahman. The parents believe so too – they spend around US\$50 a year per child for fees, books, materials and uniforms, despite the presence of a free government school down the road.

Nargis Rahman helps six-year-old Kinyat Riaz with her lesson
Pakistan: Azad Jammu and Kashmir Community Development Programme

©IFAD/A. Zaidi



their livelihoods. About half of the projects financed in the region include funding to provide financial services to more than one million borrowers. Investments in rural financial services have shifted somewhat. While previously the emphasis was on provision of funds for lending, the focus is now on technical services and supporting linkages between self-help groups and banks that make such services more sustainable.

In 2006, IFAD began supporting a project in Gansu province in China's mountainous north-west that taught women in the poor village of Xinglong to make handicrafts from excess wheat straw. The project also helped them to obtain loans. With a series of loans, one of the women, Yao Yunfang, opened and gradually expanded a factory to make handicrafts. Today it employs 28 full-time and many part-time workers (all women) from the village. They earn from US\$75 to US\$150 per month.

Agricultural markets

Once smallholder farmers have grown and harvested their crops, they face numerous obstacles in getting them to market and sold. One of the problems is the lack of all-weather roads in the isolated areas that are home to many poor farming families.

Road building to improve access to markets is currently a component of 14 IFAD-supported programmes and projects in 6 Asian countries: Bangladesh, Bhutan, Indonesia, the Lao People's Democratic Republic, Sri Lanka and Viet Nam. Over the past year, more than 700 kilometres of roads have been built, including more than 200 kilometres in Indonesia alone.

Off-farm and enterprise development

Rural areas are becoming more economically diverse and dynamic, and we are supporting initiatives that help people both to start new off-farm enterprises and to make existing ones more profitable. Twelve ongoing programmes and projects are training women, men and young people in business and entrepreneurship in India, the Lao People's Democratic Republic, Mongolia, the Philippines, Sri Lanka and Viet Nam. Results reported in 2011 showed about 165,000 people trained in these countries.

In the Philippines, 26-year-old Bernadette Manuel started a small business making peanut rolls in 2008, with US\$7 of her own savings. The next year she took part in training on product development and upgrading, organized by the Department of Trade and Industry and supported by IFAD's Rural Microenterprise Promotion Programme. She immediately put into practice what she had learned and, with a small loan from a partner microfinance institution, she was able to expand her range of products. Manuel almost tripled her sales and doubled her assets in the first year. In 2011, the programme provided financing to 15 microfinance institutions that in turn have extended loans to more than 7,000 enterprises.

Policy and programming

In addition to making loans and grants for field-level activities to help people break out of poverty, we work with governments, intergovernmental groups and other partners on policy issues. During 2011, at the request of the Lao People's Democratic Republic,

Protecting fertile farmland from rising seas in Bangladesh

The Ganges Delta in Bangladesh has been identified by experts as one of the areas in the world at greatest risk from climate change. The fertile farmland of the delta is vulnerable to rising sea levels and increasingly extreme weather conditions. The 2007 Water Sector Track Record of Bangladesh carried out by the Embassy of the Kingdom of the Netherlands estimated that, each year, 20,000 to 30,000 households lose their homes, land and livelihoods as a result of erosion and flooding.

An IFAD-supported project, now in its fourth phase, is working with poor farmers to protect their land from rising water levels and to help them protect themselves against more frequent and more severe cyclones and storms. The project is building flood protection embankments and drains to protect chars (the islands within the delta made of silt deposits) from salt water intrusion. It is also establishing cyclone shelters, livestock shelters and protective tree belts.

we provided technical support for policy development. An IFAD study on the role of agriculture in economic growth and poverty reduction was used to refine the Agriculture and Natural Resource Management Strategy. Related advocacy led the government to raise the annual agriculture growth rate target and agricultural investment levels. We are also assisting the Ministry of Agriculture in establishing a country-level policy working group that will provide feedback on the effectiveness of policies and on the potential for scaling up successful operations.

Similarly, we are supporting development of Nepal's National Agricultural Development Strategy through a grant to the Asian Development Bank. The objective is to prepare a comprehensive strategy for the agriculture sector, with wide stakeholder consultation.

Latin America and the Caribbean

33 countries: Antigua and Barbuda, Argentina, The Bahamas, Barbados, Belize, Plurinational State of Bolivia, 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, Bolivarian Republic of Venezuela

Portfolio management highlights

- 31 ongoing programmes and projects in 19 countries in the region at the end of 2011
- US\$461.7 million invested by IFAD in the region's ongoing portfolio
- 4 new programmes and projects in Argentina, the Plurinational State of Bolivia, Ecuador and Honduras for a total IFAD investment of US\$51.8 million
- supplementary financing worth US\$18.8 million provided to an ongoing programme in Haiti and an ongoing project in Nicaragua
- Spanish Food Security Cofinancing Facility Trust Fund financing of €80.2 million (approximately US\$111.0 million) approved for Argentina, the Plurinational State of Bolivia, Dominican Republic, Ecuador and El Salvador

Overview

As a whole, the Latin American region has shown higher resilience during the recent global financial crisis than other regions of the developing and developed world. This was due to a combination of factors. On the one hand, years of macroeconomic stability and sustained growth allowed governments to implement countercyclical fiscal policy. On the other, a particularly favourable international environment resulted from rising prices of many of the region's export commodities.

In spite of this, however, the crisis did adversely affect economic growth and employment levels. After the economic downturn in 2009, the regional economy grew 6.1 per cent in 2010 and is expected to grow 4.5 per cent in 2011.

The region has shown a positive trend in poverty reduction and a decline in income inequality. Over the past two decades, poverty rates fell from 48 per cent in 1990 to 33 per cent in 2009. And extreme poverty rates fell from 23 to 13 per cent over the same period. Even though urban and rural areas both witnessed poverty reduction, the gap between rural and urban populations is still wide. In 2009, the rural poverty rate was twice as high as that of urban areas and four times as high in the case of extreme poverty.

Although the region continues to rank top in the world for inequality, recent evidence shows that a number of countries have been successful in addressing the issue. Two factors account for the decline in inequality: a fall in the earnings gap between skilled and low-skilled workers, and an increase in pro-poor policies and social protection programmes, such as conditional cash transfers. At the time of writing, there are about 40 such programmes in 19 countries in the region.

Despite the good news stemming from economic growth, resilience and social protection efforts, the region still faces a number of challenges. Inequality continues to be a big constraint for human development; fiscal sustainability needs to be addressed in order to maintain the regional capacity to act in a countercyclical way in times of economic downturns; and recurrent natural disasters continue to hit the most vulnerable social groups the hardest.

The total population of the region is about 591 million, of which 20 per cent live in rural areas. In countries for which data are available, 5 per cent live on less than US\$1.25 a day.⁶

Our work and results in 2011

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

- improving poor rural people's access to markets
- meeting basic human needs
- supporting social inclusion
- scaling up and South-South cooperation
- strengthening sustainability.

Improving poor rural people's access to markets

As countries urbanize and offer more jobs off farm, improving poor rural people's access to markets and strengthening the value chains that link producers to buyers are becoming important tools for rural poverty reduction. One quarter of our current portfolio in the region is dedicated to developing markets and rural enterprises.

In the Plurinational State of Bolivia, an ongoing project is helping farmers to make more money from their herds of llamas and alpacas, creating value-added products like shoes, improving packaging and strengthening collective bargaining power.

In Paraguay, IFAD is supporting efforts to strengthen poor rural people's farming organizations and help them formulate and implement business plans. The organizations are

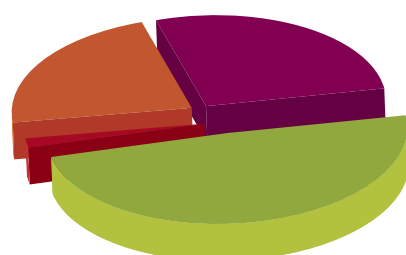
now also making agreements with private-sector agribusinesses in which they commit to delivering predetermined amounts of specific products at a certain date in exchange for a preferential price. The IFAD-financed Empowerment of Rural Poor Organizations and Harmonization of Investments (Paraguay Rural) Project and Shirosawa, one of the leading processors and exporters of sesame seeds in Paraguay, have concluded an agreement under which Shirosawa provides specialized technical assistance to farmers' organizations in return for better quality produce. A review of the project in 2011 estimated that farm-gate prices had risen by 10 per cent.

Meeting basic human needs

Our project funding in Latin America strives to meet basic human needs. We focus on peace through development, education, nutrition and citizenship. We also support the empowerment of young rural people, women and indigenous peoples.

In Haiti, between 2.5 and 3.3 million people are estimated to be chronically hungry and one third of babies are born underweight. In a drive to improve nutrition and food security in rural areas, an IFAD-financed food crop intensification project worked to sustainably raise the income and well-

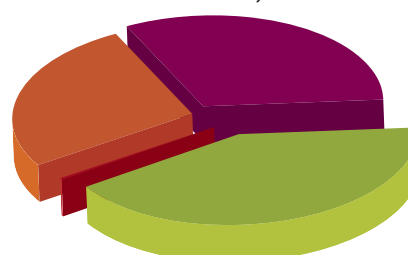
CHART 8a
IFAD loans by lending terms and DSF grants, 1978-2011



■ DSF grants	US\$30.0 million - 1.7%
■ Highly concessional loans	US\$403.3 million - 22.4%
■ Intermediate loans	US\$488.0 million - 27.1%
■ Ordinary loans	US\$882.9 million - 48.9%

Any discrepancy in totals is the result of rounding.

CHART 8b
Loan disbursements by lending terms and DSF disbursements, 1979-2011^a



■ DSF grants	US\$4.4 million - 0.3%
■ Highly concessional loans	US\$337.3 million - 26.8%
■ Intermediate loans	US\$396.1 million - 31.5%
■ Ordinary loans	US\$520.1 million - 41.3%

^a Loan disbursements relate solely to Regular Programme loans.

⁶ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries: Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Bolivarian Republic of Venezuela. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

being of poor rural households and increase their access to microfinance.

Under the recently completed project, more than 400 community-based organizations supported 24,000 members, of whom 60 per cent were women. The project teamed up with the Government of Argentina's Pro-Huerta programme to create kitchen gardens for 700 Haitian families. It also encouraged legume consumption to improve nutrition. During its nine years of work, about 1,700 people were trained in nutrition and reproductive health.

A job creation and food security programme that started work in the Haitian countryside just three months after the January 2010 earthquake is also showing substantial results. Reports underscore its effectiveness in creating work and repairing productive infrastructure. Roughly 66,000 metres of irrigation systems have been rehabilitated, and the project has generated over 120,000 days of work. Around 65 community gardens are being created, serving as open-air laboratories for teaching advanced cultivation techniques and improving community food security. Over 500 family vegetable gardens have been planted.

Supporting social inclusion

IFAD works to increase social inclusion among indigenous peoples, women and young rural people and to reduce the gap between rich and poor. Several large regional grants promote policy dialogue and knowledge exchange in support of these goals. Recipients of the grants include the Confederation of Family Producers Associations of the MERCOSUR (Common Market of the South), which promotes family farmers' interests in the Southern Cone, and the Caribbean Regional Unit for Technical Assistance, an organization that facilitates pro-poor policy dialogue.

In 2011, IFAD launched a new programme promoting knowledge management in the north-eastern semi-arid region of Brazil to foster technology and knowledge exchange. We are also providing a grant to the Latin America Center for Rural Development (RIMISP) to build rural poverty policy coalitions through working groups comprised of government representatives, academics, and civil society and business leaders.

Scaling up and South-South cooperation

Creating poverty reduction projects that meet the growing needs of large emerging economies in Latin

Reducing pressure on forests in Ecuador

IFAD-supported projects in Latin America and the Caribbean are assessing and combating the impacts of climate change on the rural economy, particularly the smallholder subsector. One of the countries, Ecuador, has a wealth of species and ecosystems and a robust National System of Protected Areas Project covering almost 20 per cent of the country. Yet it also has one of Latin America's highest rates of deforestation and habitat destruction. The primary tropical forest now occupies only an estimated 20 per cent or less of the country's surface area. Among the major causes of deforestation are uncontrolled forestry and hydrocarbon operations and unsustainable farming practices.

Sustainable management of forests is part of an IFAD-financed project that is helping to reduce poverty among Afro-Ecuadorian, indigenous and campesino communities around the Ibarra-San Lorenzo economic corridor in northern Ecuador. With funding from the Global Environment Facility (GEF), the project aims to

prevent forest fragmentation and diminish pressure on valuable forests. It also identifies and implements initiatives to reduce deforestation and land degradation and improve conservation through communal reforestation and sustainable forest management techniques. In addition, it promotes the restoration and sustainable management of key forests in the coastal area, with a particular focus on mangroves.

We also work with the GEF to enhance environmental sustainability (see page 45). GEF projects complement IFAD investments. They contribute to poverty reduction by providing new opportunities in environmental stewardship and helping to test new approaches. One such project is working to introduce ecological agriculture in the semi-arid north-east of Brazil, while managing land and forests sustainably. The project provides access to green technologies for agroecological production and processing, including efficient planting and irrigation systems.

Story from the field

Nurturing the rural entrepreneurs of tomorrow in Colombia

For young people everywhere, finding work in today's tough economic climate is a challenge. In rural areas of a poor country, it calls for creativity, initiative and persistence. Nurturing those qualities in young people in Colombia is a major objective of the IFAD-supported Rural Microenterprise Assets Programme.

The programme, known locally as *Oportunidades Rurales*, targets indigenous peoples, Afro-Colombians and people displaced by violence, as well as young people. The objective is to help the rural entrepreneurs of tomorrow access technical assistance and business and financial services so they can build profitable businesses that will also serve their communities. The programme began in 2007 and is set to close at the end of 2013. It aims to benefit some 50,000 people.

"One of the primary objectives is to finance innovations that will be relevant to rural people, especially in the areas of microcredit, insurance and savings," says Andres Silva, director of *Oportunidades Rurales*.

Almost 4,000 young people have received training in business administration, marketing and investment. To reinforce the importance of saving, the programme also provides 50 per cent matching

funds for every peso saved. Deposited in local banks, these savings are then available for lending to other entrepreneurs in the community.

Funding for technical assistance is available, and would-be clients have to win the assistance in a competition, or *concurso*. Each competitor prepares a proposal and budget, which are judged by experienced microentrepreneurs. The maximum loan per family is US\$700, and microenterprises can receive up to US\$40,000, though the typical amount is around US\$15,000.

So far, about one third of the 2,100 proposals submitted have been funded, providing a total of US\$6 million to recipients. They range from fish farmers requesting help to build a high-quality holding tank to artisans needing an expert in merchandising. By tapping into local expertise to provide the assistance, the project is building a base of technical knowledge to help not just the *concurso* winners but everyone in the community.

A young woman learns how to work with silk in Piendamó village, San José
Colombia: Rural Microenterprise Assets Programme
©IFAD/R. Gaitan



America is another IFAD priority, as is ensuring that successes can be replicated and scaled up. We also focus on strengthening South-South cooperation within the region and outside, and building effective territorial approaches.

IFAD cofinances the Africa-Brazil Agricultural Innovation Marketplace, which is bringing technology from the Brazilian Agricultural Research Corporation (Embrapa) to seven African countries – Burkina Faso, Ethiopia, Ghana, Kenya, Mozambique, Togo and the United Republic of Tanzania. Ten research projects are under implementation in these countries, focusing on food security, production levels and environmental protection. These projects involve at least 90 researchers, half of them Brazilian and the other half African. Most of these researchers participated in a forum held in 2011 in Brasilia, Brazil, where they had the opportunity to exchange their experiences.

Through a US\$2.0 million grant to the Guatemalan Exporters Association (AGEXPORT), we are working to replicate successes in accessing markets across the rest of Central America through a series of workshops and capacity-building exercises. The grant started operations in March 2011 in El Salvador, Guatemala, Honduras and Nicaragua. Seven IFAD-supported projects will directly benefit from the programme's results.

Strengthening sustainability

Environmental, cultural and economic sustainability are central to our work. We are taking major steps towards 'greening' our portfolio and developing projects from the ground up. This means using approaches that start with the needs expressed by project participants and that build their capacities and those of our partner institutions.

The link between project and environmental sustainability is clearly shown in a recently completed natural resource management project in the Plurinational State of Bolivia. Through competitions, or *concursos*, for project funding among participants, the project helped to plant over 8 million trees and to construct over 800,000 hectares of terraces that reduce erosion and minimize the effects of desertification. Almost 40,000 people participated in the *concursos*, 36 per cent of them women, and participants received the equivalent of more than US\$4.5 million. The results included:

- Nearly 2.5 million hectares of land were converted to organic, family-run vegetable gardens, or *huertos*.
- Rainwater tanks with a total capacity of more than 1 million cubic metres were constructed.
- Almost 1 million camelids benefited from improved sanitary measures and care.
- More than 4,000 households received better cooking facilities, which helped to improve their living conditions.

Near East, North Africa and Europe⁷

32 countries and territories: Albania, Algeria, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Cyprus, Djibouti, Egypt, Gaza and the West Bank, Georgia, Iraq, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Republic of Moldova, Romania, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, The former Yugoslav Republic of Macedonia, Tunisia, Turkey, United Arab Emirates, Uzbekistan and Yemen

Overview

The recent political upheaval in the Near East and North Africa region and the economic upheaval of the continuing global financial crisis are having profound and unpredictable effects on the countries of the Near East, North Africa and Europe. In North Africa, the collapse of three governments during 2011 (in Egypt, Libya and Tunisia) resulted from a 'youthquake' – an explosion of frustration in a generation that makes up 20 per cent of the population of the Near East and North Africa region and has the highest rates of youth unemployment in the world.

Transparency and social accountability have shot to the top of the region's priority agenda as citizens insist on greater civic participation. The ultimate outcome of this tumult is uncertain, but in the short term the unrest has slowed the growth of GDP, which is expected to decline to 3.4 per cent in 2011 from 4.2 per cent in 2010.

Public investment in agriculture and rural economies in the subregion has fallen dramatically due to earlier economic reforms. Agricultural productivity is low and mostly subsistence oriented. Though in several countries the agriculture sector has grown faster than the manufacturing sector, the region depends heavily on food imports. These are expected to increase with population growth,

⁷ 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.

making countries increasingly vulnerable to global food price shocks.

Since 2008, the region has experienced the world's largest percentage increase in the number of hungry people – 13.5 per cent. It also faces the world's worst water scarcity, increasing its vulnerability to climate change impacts.

The total population of the Near East and North Africa region is about 442 million, of which 41 per cent live in rural areas. In countries and territories for which data are available, about 4 per cent live on less than US\$1.25 a day.⁸

Meanwhile, Central and Eastern Europe is making a stubbornly slow recovery from the global economic crisis, which hit this region harder than any other emerging-market region. Following the 2009 contraction in real GDP (the first since 1998), the average growth rate in 2011 was a tepid 3.2 per cent, and estimates for 2012 indicate a decline to 2.3 per cent. Budget deficits have widened sharply. Some of the highest unemployment rates in the European Union are found in Central and

Eastern European countries. Around 30 per cent of GDP comes from agriculture.

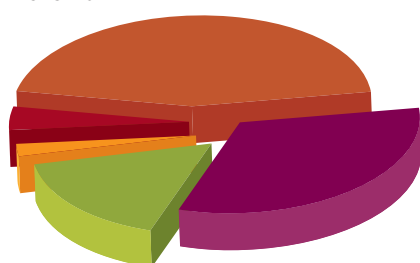
The total population of the region of Central and Eastern Europe is about 83 million, of which some 51 per cent live in rural areas. In countries for which data are available, about 2 per cent live on less than US\$1.25 a day.⁹

Our work and results in the Near East and North Africa in 2011

The priorities guiding our work in the region are:

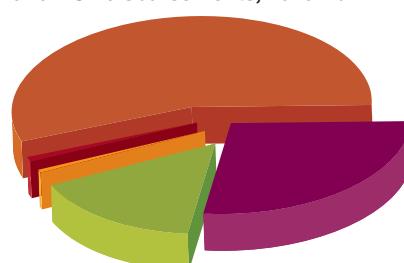
- improving management of land and water resources and reducing vulnerability to climate change
- linking small-scale growers of non-traditional crops with domestic and international markets
- improving agricultural productivity and food security
- expanding poor rural people's access to financial services,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

CHART 9a
IFAD loans by lending terms and DSF grants, 1978-2011



■ DSF grants	US\$85.9 million - 4.2%
■ Highly concessional loans	US\$911.8 million - 44.7%
■ Intermediate loans	US\$660.5 million - 32.4%
■ Ordinary loans	US\$336.1 million - 16.5%
■ Hardened loans	US\$45.6 million - 2.2%

CHART 9b
Loan disbursements by lending terms and DSF disbursements, 1979-2011^a



■ DSF grants	US\$12.3 million - 0.9%
■ Highly concessional loans	US\$763.8 million - 56.1%
■ Intermediate loans	US\$365.0 million - 26.8%
■ Ordinary loans	US\$219.0 million - 16.1%
■ Hardened loans	US\$2.0 million - 0.1%

^a Loan disbursements relate solely to Regular Programme loans.

⁸ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all countries in the region. However, data regarding people living below the poverty line are available only for the following countries: Egypt, Iraq, Jordan, Morocco, Tunisia and Turkey. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

⁹ Raw data were sourced from the 2011 Human Development Report of the United Nations Development Programme. Population figures include all IFAD Member States in the region: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Republic of Moldova, Romania, The former Yugoslav Republic of Macedonia and Uzbekistan. However, Bosnia and Herzegovina, Croatia and Uzbekistan are excluded from figures relating to people living below the poverty line due to lack of data. Because international data agencies continually improve their data series, the data presented in the 2011 Human Development Report are not comparable with those published in earlier editions.

Portfolio management highlights

- 42 ongoing programmes and projects in 16 countries and territories in the two regions at the end of 2011
- US\$698.3 million invested by IFAD in the regions' ongoing portfolios
- 6 new programmes and projects in Azerbaijan, Bosnia and Herzegovina, Egypt, Morocco, The Sudan and Yemen for a total IFAD investment of US\$129.5 million
- supplementary financing worth US\$9.5 million provided to 2 ongoing projects in Tunisia

Land and water management

Most of the rural poor women and men in this arid region depend heavily on natural resources for their livelihoods. In the southern highlands of Jordan, we are helping to promote sustainable land and water management practices and environmental monitoring among poor farmers and landless women. Since 2005, our support has financed construction of cisterns that allow annual harvesting of around 80 million litres of water, serving 5,000 households.

Water conservation is a key element of the IFAD-supported Western Sudan Resource Management Programme, given the very limited rainfall in the semi-desert and arid zone of North Kordofan. The programme is helping to establish a number of

water conservation techniques that have so far led to a fourfold increase in yields of grains and crop residues.

Links to markets

Linkages to domestic and international markets – ranging from infrastructure to information – are often the weakest part of the value chain, and strengthening these links is a major focus of our work everywhere.

In The Sudan, a gum arabic revitalization project is aiding small-scale producers by building on policy reforms that have liberalized the trade. This has led to remarkable improvements in the production, marketing and export of gum arabic in The Sudan. Exports reached more than 53,000 metric tons in 2010, an increase of more than 130 per cent compared with the 2007 to 2009 period. As a result, producers have tripled their revenues.

Agricultural productivity

In Dhamar, Yemen, new irrigation and resource management technologies supported by us are helping 40,000 farming households to improve their productivity. So far, an area of around 400 hectares has benefited from improved irrigation infrastructure. And three quarters of project participants have increased their agricultural and livestock production. During 2011, 17 new coffee production groups strengthened their links with processors and exporters, and more than 400 microenterprises

Strengthening climate change coping strategies in Morocco

IFAD is helping countries in the Near East and North Africa region to mainstream adaptation and mitigation activities into their development strategies. Water management, harvesting and storage are key activities across the region. We provide technical expertise for simple practices, such as introducing climate-resilient crops and capturing and storing floodwater, which conserve resources and build the resilience of rural communities.

Morocco consists almost entirely of globally important semi-arid and arid ecosystems that are rich in habitat and species diversity. However, pervasive poverty, inadequate resource management and increasing pressure on the land are leading to widespread land degradation, depletion of water

resources, loss of wildlife habitats and growing susceptibility to drought and climate change.

Initiatives to address these issues were incorporated into an IFAD-supported project to increase incomes and improve living conditions among poor rural people in the country's eastern region. A grant from the Global Environment Facility supported the introduction of technologies that increase the levels of organic matter in the soil and improve the ability of soils to store carbon and retain water. The project also strengthened community capacities to adapt to the effects of climate change by developing coping strategies for drought and diversifying income-generating activities.

Story from the field

Young women veterinary professionals break gender barriers in Yemen

Al-Dhala governorate of Yemen will soon have eight new veterinary professionals, all of them young women. This unusual prospect – women in a deeply conservative country not only working but working in a traditionally male field – is the result of an IFAD-supported project to improve living standards among economically vulnerable households.

The initiative was organized by Aiman, the community and gender development officer of the Al-Dhala Community Resource Management Project. Its purpose was to provide communities with qualified professionals to work with livestock and to raise women's skills through vocational training. But putting the idea into practice was not easy. It required the young women, aged 17 through 23, to undertake veterinary training in the capital, Sana'a, which did not appeal to their families.

"They did not want us to leave our traditional rural lifestyle for a big city like Sana'a," the young women recalled, "nor to be removed from the protection of the family."

But Aiman was determined. She reported, "The village associations and some elders and sheikhs were all supportive of the idea and helped me convince the parents and other family members to

change their minds." Eventually, the families agreed that the young women could travel to Sana'a accompanied by male relatives.

The second hurdle was admission to the training institute. It was the first time that young women had applied to study in the same classroom as male counterparts. The director rejected their applications.

Aiman took up the issue with the Ministry of Agriculture. "I received a written statement from the Ministry specifying that the Constitution of the country does not bar women from enrolling in specialized technical institutions," she said, "and therefore the institute has no right to reject their applications."

As a result, two young women, Asma and Hassna, completed the three-year programme and received certificates. Hassna plans to continue her studies and become a qualified veterinarian. The six remaining trainees are still studying, with Aiman's support and encouragement.

In the classroom: young women study to become veterinary professionals, traditionally a man's job
Yemen: Al-Dhala Community Resource Management Project
©IFAD/D. Ghani



received loans from the 166 savings and credit groups already established by the project.

Financial services

A *sandug* is a box for savings in the Syrian Arab Republic. But now the word also refers to member-owned microfinance institutions. Since 2002, an IFAD-supported project has established 32 *sandugs* to make credit available to poor people in rural areas of Idleb governorate, in the country's north-west. They have more than 6,500 members, 43 per cent of them women, and each member contributes at least US\$20. To date, more than 2,500 loans have been made, averaging US\$870. Recipients have invested in various small enterprises, including sewing, shoe repair and beekeeping. The repayment rate is a healthy 98 per cent.

Youth unemployment

Unemployment is a major challenge for young women and men in rural areas of the Near East and North Africa. In order to improve opportunities in agriculture in Tunisia, an agropastoral development programme in the south-east is supporting actions to restore and sustainably manage natural pastures, which are the foundation of the local economy. The programme also promotes income-earning opportunities in small-scale agriculture and related sectors, such as handicrafts and services. To date, it has created more than 1,200 permanent jobs (17 per cent held by women) and almost 1,400 occasional jobs (40 per cent held by women). In addition, almost 2,500 seasonal jobs have been established in various enterprises.

Our work and results in Central and Eastern Europe, and the Newly Independent States in 2011

Our work in the region focuses on:

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

Financial services

Only about 10 per cent of poor people living in rural areas in Central and Eastern Europe have

access to even the most basic financial services. Yet access to credit and other services is crucial for poor people to manage their household cash flows, start new agricultural activities and set up small businesses.

In response, an IFAD-supported initiative to enhance rural enterprises in Bosnia and Herzegovina has provided loans totalling US\$1.5 million to 39 small and medium-sized enterprises. The loans, averaging US\$36,800, support investments in production, collection of produce (including milk collection networks) and processing and trading.

Links to markets

Getting products to markets is extremely difficult in Albania, especially in the isolated north-west where poor people are concentrated. One aspect is the challenge of physical access in a country that is 75 per cent hilly or mountainous. Other obstacles include lack of capital and technical and managerial expertise, high costs for production and processing, and poor infrastructure.

Since 2007, IFAD has been supporting a sustainable development initiative for rural mountain areas that is using the tools of credit, cofinancing for capital investments and rehabilitation of rural infrastructure. As a result, processors purchased 15 per cent more locally grown raw materials. The volume of sales increased by more than 150 per cent for farmers and around 70 per cent for processors. Thanks to road rehabilitation, the time needed to transport milk from farmers to processors fell by a third, improving quality and safety. Around 2,500 households are benefiting from these changes.

The rural economy

Small and medium-sized enterprises are the backbone of rural development. In central Turkey, an IFAD-supported initiative is providing training to the Sivas Cattle Breeding Association to improve milk output among more than 550 farmers. The programme has addressed modern breeding techniques, raising average lactation and reducing abortion rates. As a result, the farmers have more than doubled their summer milk collections, from 14 to 35 tons per day. Winter collection rates have gone up fivefold, from 2 to 10 tons per day.

Story from the field

Growing rural businesses in the Republic of Moldova

The dissolution of the Soviet Union brought independence, but it also dealt a devastating blow to living standards across the region as countries struggled to adapt to a market-oriented economy. The Republic of Moldova, the poorest country in Europe, managed to slash poverty rates from 73 per cent in 1999 to 30 per cent in 2010. Yet the country still faces deep poverty, particularly in rural areas, where about 60 per cent of Moldovans live.

Since 1999, we have invested a total of US\$69 million in five programmes and projects, reaching over 100,000 households. Funding for rural enterprises supports the government's priority of reducing poverty through agriculture and rural development. IFAD's focus is on financial services.

"Credit in rural areas is hard to come by and businesses cannot grow without finance," points out Abdelkarim Sma, IFAD country programme manager.

IFAD has issued over 1,000 loans to small and medium-sized rural businesses through commercial banks and microfinance institutions in the Republic of Moldova. Unlike most banks, we make credit available for up to eight years. This gives farmers and entrepreneurs the possibility to draw up longer-term business development plans.

Andrei Iuri-Apostol, 63, is one recipient. A former mathematics professor, he is joint owner of Cap's Ltd, a profitable small business in Ceadir-Lunga in the autonomous region of Gagauzia. The company makes Cap's branded egg noodles – a key ingredient in the traditional Moldovan chicken broth. It also operates a flour mill and produces forage for rabbits.

"We started with 4 employees, and we now have 20," says Iuri-Apostol. "We have a good standard of living thanks to this business."

Cap's Ltd took its first IFAD-financed loan in 2003 to buy pasta-processing equipment from Italy. Today, the company produces around 100,000 kilograms of noodles a year. The flour mill was funded by a second IFAD loan in 2006. It ensures the supply of top-quality flour for noodle production and sells Grade 1 flour to local bakeries.

Reflecting on his career change from professor of mathematics to small business owner, Iuri-Apostol smiles ruefully. "That was the fate of my generation," he says.

Andrei Iuri-Apostol runs a profitable small business with 20 employees in a country struggling with deep poverty
Republic of Moldova: Rural Finance and Small Enterprise Development Project

©IFAD/S. Beccio





Partnerships

Partnerships have been essential to IFAD's business model since our founding in 1977 as a three-way partnership between the Organisation for Economic Co-operation and Development (OECD), the Organization of the Petroleum Exporting Countries (OPEC) and other developing countries. In 2011, the Fourth High Level Forum on Aid Effectiveness held in Busan, Republic of Korea, highlighted the growing significance of partnership for effective international development, and its outcome document, the *Busan partnership for effective development co-operation*, provides today's context for our partnership efforts.

Our partners include a wide range of actors, agencies and associations, starting with our Member States. We also cooperate with and support producers' and community groups, farmers' organizations and NGOs. We work closely with other United Nations agencies, international financial institutions, bilateral donors and foundations, as well as with the Consultative Group on International Agricultural Research (CGIAR) and its members, and policy research institutes. In addition, we are building partnerships with private sector actors. Our revised private-sector strategy, approved in 2011, calls for IFAD to be more systematic and proactive in engaging with the private sector.

We are also increasingly using our experience, reputation and networks to broker partnerships between others, including to strengthen South-South cooperation.

Some of our partnerships extend back to our founding days, while others have evolved in response to changing circumstances, such as our collaboration with the Microfinance Information eXchange (MIX) (see page 48). A survey this year found that our partnerships with farmers' organizations (see page 47) have made the projects we support more effective and sustainable. IFAD's expanding environment portfolio is strengthened

by our partnerships with the Global Environment Facility and the Global Mechanism of the United Nations Convention to Combat Desertification (UNCCD) (see page 42). Outreach to new potential partners is benefiting from rapidly evolving communication technologies such as social media and innovative knowledge management methods.

Our new Strategic Framework 2011-2015 highlights how partnerships are central to our work (see page 5). We are currently developing a partnership strategy to be presented to the Executive Board in 2012, which will reflect the rapidly evolving development context and the focus on aid effectiveness. This new strategic approach will enable us to be more selective and give focus and direction to the development and management of partnerships, as they contribute to the achievement of our strategic objectives.

Belgian Fund for Food Security

During 2011, the Belgian Fund for Food Security (BFFS), an IFAD partner since 1983, continued its work to improve conditions for poor rural people in sub-Saharan Africa.

The third phase of the Kenya Women Finance Trust (KWFT) programme was launched in April 2011 through a BFFS grant of €300,000. It provides financial services to low-income women in rural, arid and semi-arid areas targeted by complementary IFAD loans. The KWFT has become one of the most successful microfinance institutions in East and Southern Africa, with a loan portfolio of more than US\$160 million and over 400,000 clients. BFFS has provided over €2.3 million to KWFT since 1993.

In Somalia, the North-western Integrated Community Development Programme – Phase II, approved by the IFAD Executive Board in 2010 for BFFS financing of €4 million, received additional funding of €750,000 from the Government of Belgium. These funds will be used to scale up its

activities, with an emphasis on primary health services for mothers and children. It operates in an area that is a magnet for people affected by the 2011 drought in the Horn of Africa, which is putting the limited social and economic infrastructure under extreme stress.

In Mozambique, the IFAD-supported Sofala Bank Artisanal Fisheries Project was completed in 2011. The BFFS grant under the project was used to set up 18 community health-care facilities, train around 200 health-care staff, and construct or rehabilitate almost 300 water points and 25 primary schools. A newly designed BFFS project in Mozambique focuses on decreasing malnutrition and preventing HIV/AIDS. It will complement the recently approved Artisanal Fisheries Promotion Project supported by IFAD. This collaboration will help fishing communities contribute to making artisanal fishing a sustainable, safe and profitable livelihood option, especially for younger and future generations.

Linked to an IFAD-supported post-conflict reconstruction project in Burundi, BFFS funding is providing vocational training for orphaned young people and for those who have dropped out of school. The pilot phase of this initiative, launched in four communes, is carried out by craftspeople who give training in their own workshops. They teach sewing, carpentry, woodworking, cooking and driving. The project has also built or repaired 24 kilometres of water lines in two districts since the beginning of 2011.

The work of BFFS in the Democratic Republic of the Congo has focused on education, health and safe water, in connection with IFAD-supported projects aiding agricultural recovery in Equatorial and Orientale provinces. Several schools have been built and equipped. In addition, ambulances, motorbikes and bicycles have been bought to support the health sector. Many thousands of mosquito nets and prophylactics have also been distributed. In this post-conflict setting, important progress has been made in rebuilding social cohesion through community development and farmers' organizations.

Following the closure of the BFFS-IFAD joint programme unit in December 2011, IFAD will continue providing technical assistance to ongoing initiatives. BFFS will fund projects led by partner countries, to which IFAD may contribute. A book is being prepared to showcase the nearly three decades of joint work in sub-Saharan Africa.

Global Mechanism

The Global Mechanism of the UNCCD supports countries to scale up financing for sustainable land management. IFAD was selected to host the Global Mechanism in 1997 at the first session of the Conference of the Parties (COP).

IFAD's portfolio and expertise in financing projects have proven to be of enormous value in implementing the convention to combat desertification and maximizing the impact of the Global Mechanism. Also, our collaboration with other international financial institutions and development agencies has greatly facilitated the work of the Global Mechanism. Examples of this collaboration include the Global Mechanism's Facilitation Committee, which is made up of United Nations organizations involved in rural development and agriculture, and specific initiatives such as the 'climate-smart agriculture' partnership with FAO, WFP, the World Bank, the United Nations Environment Programme and bilateral donor agencies. We have fostered close collaboration with the Global Donor Platform for Rural Development as the Chair of the Steering Committee.

The Global Mechanism is currently implementing activities under the first instalment of a US\$2.5 million grant approved by our Executive Board in April 2008. In 2011, activities under this grant focused on designing integrated financing strategies to combat desertification in Brazil, Cambodia, Ecuador, El Salvador, Nepal, Peru, Sri Lanka, Thailand and Uruguay. By leveraging the linkages between climate change and land degradation, these strategies mobilize resources from climate change funds and domestic budgets in the countries concerned.

In West and Central Africa, the Global Mechanism and IFAD jointly supported various regional processes during the year. Some of these included the Comprehensive Africa Agriculture Development Programme (CAADP) and TerrAfrica, which were implemented at country level. Partnerships were also explored in country to support innovative sources of finance, in particular through Aid for Trade. This World Trade Organization initiative helps countries develop trade-related skills and infrastructure.

The Global Mechanism is working closely with us under a grant of US\$200,000 supporting efforts by Jordan and Lebanon to implement their integrated financing strategies. The project will

build the capacity of communities to plan and put into action sustainable land management initiatives. It will work with selected pilot communities to prepare local development plans that complement IFAD-supported projects.

At the tenth session of the Conference of the Parties (COP 10) of the UNCCD, the COP reaffirmed that the Global Mechanism is accountable to and reports to the COP under its mandate, and requested the Executive Secretary to ensure that all accounts and staff of the Global Mechanism are administered under United Nations rules. Furthermore, the COP decided that the Memorandum of Understanding with IFAD for the housing of the Global Mechanism should be revised to limit IFAD's role to logistical and administrative support and to enable its timely termination once a new housing arrangement has been concluded.

For more on the Global Mechanism, see <http://www.global-mechanism.org>.

International Land Coalition

The International Land Coalition (ILC) is a global alliance of civil society and intergovernmental organizations. It promotes secure and equitable access to land for poor women and men. ILC membership grew by 35 per cent in 2011, and its 116 organizations represent more than 50 countries. They include farmers' and civil society organizations, research institutes, NGOs and United Nations agencies. IFAD hosts the Secretariat.

The ILC works to strengthen rural people's access to land by supporting national policy dialogues. It also helps to build the capacities of organizations involved in land advocacy through IFAD-funded projects in ten countries: Bangladesh, Plurinational State of Bolivia, the Democratic Republic of the Congo, India, Indonesia, Kenya, Nepal, the Niger, the Philippines and the United Republic of Tanzania. Working through its members, ILC participates in global and regional processes, making sure local voices are heard in global land debates.

During 2011, the ILC launched the Land Portal, a point of access to land-related information and news from diverse reliable sources. It includes social networking tools to support debate and collaboration. See <http://landportal.info>.

Following broad consultations with its members, the ILC took part in the formulation process of the

Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (see page 12).

Three 'learning routes' took place during the year and more than 50 practitioners took part in these peer-to-peer knowledge-exchange programmes. They focused on participatory mapping and innovation plans in Argentina, Guatemala, Nicaragua and Peru; and on advocacy for women's land rights in Kenya, Madagascar, Mozambique and Uganda.

Commercial demand for land is threatening poor people's access to land in many countries. This was the topic of numerous research projects and policy briefs prepared during the year, with the assistance of external researchers and civil society groups. The ILC also published a number of reports and briefs linked to its project to help women access land in East and Southern Africa. One such synthesis report, *Differentiation of women's land tenure security in Southern Africa*, found that women's land rights remained vulnerable in Kenya, Rwanda and Uganda because of women's lack of knowledge of the law, insufficient government resources for enforcement, and inconsistencies between custom and statutory law.

The ILC's fifth biennial international conference took place in May 2011 in Tirana, Albania, bringing together over 150 participants from more than 45 countries. The Assembly of Members adopted the Tirana Declaration, which called for models of investment in agriculture that reduce poverty and hunger and develop the capacities of local people. Participants also approved the Strategic Framework 2011–2015, which aims to catalyse partnerships to strengthen commitments to a people-centred land governance agenda.

For more on the Coalition, see <http://www.landcoalition.org>.

Cooperation with Rome-based agencies

With complementary mandates to end hunger and poverty, the three Rome-based United Nations agencies – IFAD, FAO and WFP – collaborate to maximize impact and improve efficiencies. In June 2011, together with the European Commission, the three agencies signed a statement of intent to increase their capacity to deliver effective, coordinated, timely and sustainable support to food

security and nutrition. The statement highlights the key priorities for food security and nutrition where the four partners work together.

The three agencies have also been cooperating with the European Union under the European Union Food Facility (EUFF). This €1.0 billion fund was set up in 2008 in close collaboration with the United Nations High-Level Task Force on the Global Food Security Crisis. In two years, the three Rome-based agencies have channelled around €367.0 million from the EUFF, assisting over 22 million people hard hit by the crisis. For IFAD alone, EUFF funding has amounted to €51.7 million, which has allowed us to help more than 500,000 households in 11 countries throughout Africa and Asia.

The funds bridge the gap between short-term emergency needs and longer-term development by boosting agricultural production and productivity. The EUFF has been used to provide quality seed and fertilizers, build and improve infrastructure, and reduce the impact of natural disasters. By linking farmers to markets and financial services, facilitating use of sustainable farming practices and creating new revenue streams, the benefits of the EUFF will continue long into the future. It underscores the importance of focusing on marginalized farmers, improving rural infrastructure and involving all actors of the value chain.

The three Rome-based agencies also jointly serve as the secretariat of the Committee on World Food Security, which fosters substantive debate aimed at policy convergence on issues related to food security, agriculture and nutrition. Together we prepared and coordinated the Committee's 37th session in October. IFAD led the team that prepared one of the three policy round tables, on How to Increase Food Security and Smallholder-Sensitive Investment in Agriculture. Since its reform in 2009-2010, the Committee has raised its profile as a multistakeholder global forum involving civil society, the private sector and foundations, directed by governments.

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

The Consultative Group on International Agricultural Research (CGIAR) is a global partnership that unites

organizations engaged in agricultural research for sustainable development. The group has recently undergone a major reform process, in which IFAD played an important role. It resulted in a clear new vision, mission and strategic direction, which are more closely aligned with IFAD's mandate.

The new, open CGIAR system is providing incentives for donors to align support for large, results-oriented research programmes. The operational architecture also promises to achieve higher impact, as it is grounded in partnerships with research and development stakeholders and the international development community, including civil society groups, farmers' organizations and the private sector.

CGIAR-led projects contribute to the delivery of technological and institutional innovations and policies benefiting poor rural people in many countries. For example, in Central America, the cost of coconut planting material from community-managed nurseries was reduced by 43 per cent to 57 per cent thanks to work by the CGIAR centre Bioversity International and its national partners in Mexico, the Philippines and Viet Nam. The lower prices have improved income-generating options in the poorest coastal areas.

IFAD took part in the CGIAR fourth Fund Council and the Ad hoc Funders Forum meetings in April 2011 in Montpellier, France, and hosted the sixth Fund Council meeting in November in Rome. Several CGIAR research programmes were approved, together with the revised strategy and results framework and an independent evaluation arrangement.

In 2011, we approved new grants worth a total of US\$7.52 million for nine CGIAR-led programmes. IFAD also continued to support the Global Forum on Agricultural Research, which promotes pro-poor research for development partnerships globally. It also provides a multistakeholder platform for all partners in agricultural innovation systems to jointly set and implement the international agricultural research-for-development agenda.

Through an agreement signed in 2008 with the European Commission, IFAD is managing European Commission funds for agricultural research for development through the CGIAR Consortium. The budget has totalled more than US\$230 million over the past four years.

Indigenous Peoples Assistance Facility

The Indigenous Peoples Assistance Facility (IPAF) works to strengthen indigenous communities and their organizations by financing small projects that help them drive their own development. Launched in 2007, IPAF also generates lessons learned so that successful initiatives can be replicated and scaled up. In 2011, IFAD approved a grant of US\$1.5 million to finance IPAF.

Through small grants of up to US\$50,000, IPAF supports activities that include indigenous peoples in development operations. The grants are used to improve their access to key decision-making processes, empower them to implement projects and manage resources, and promote collaboration with public and private actors. These grants complement our work with indigenous peoples' communities through the programmes and projects we support.

More than 1,100 applications from 88 countries were received in response to the third IPAF call for proposals, issued in July 2011.

During the year, implementation of IPAF was decentralized with the support of indigenous peoples' organizations. The purpose of the decentralization is to improve efficiency and empower indigenous peoples' organizations and groups at the regional and international levels. It will also help to bridge the gap between the indigenous peoples' international movement and grass-roots organizations.

A recent desk review of results from 53 IPAF small projects implemented between 2007 and 2010 found that:

- About 45,000 people had benefited directly, more than half of them women.
- Project services had reached about 1,200 communities.
- Training and capacity-building were the primary activities, followed by strengthening local institutions and improving physical assets, infrastructure and equipment.
- More than 21,000 people were trained – 45 per cent of them women – on security of tenure, natural resource management, agricultural technologies, traditional medicine, indigenous peoples' rights, community programming, literacy and HIV/AIDS prevention.

- About 184 groups were created, including self-help groups, microenterprises, marketing groups and common property resources groups. One third of these groups were headed by women.

See http://www.ifad.org/english/indigenous/grants/projects/desk_review.pdf.

Global Environment Facility

As the world's largest funder of projects to improve the environment, the Global Environment Facility (GEF) is a strategic partner for IFAD. Activities funded by GEF grants help mainstream sustainable land and water management, biodiversity conservation, and climate change adaptation and mitigation into IFAD-supported rural poverty reduction investments, making them more sustainable. A number of joint projects either started or continuing in 2011 support that objective.

One such project, begun this year in Honduras, integrates adaptation techniques and technologies into value chains, such as through establishing agroforestry systems for cocoa and coffee. Its aim is to generate opportunities for wealth creation in rural areas while decreasing environmental degradation.

Another project, in Sao Tome and Principe, supports conservation-related investments to reduce pressure on natural resources. In parallel with establishing a 5,000-hectare buffer zone forest at Obo National Park, it is helping local residents to prepare natural resource management plans covering the area. They will be able to earn a living through careful harvesting of non-timber products, minimizing the temptation to exploit the protected area.

Since 2004, IFAD has secured 37 GEF project grants totalling around US\$130 million, averaging US\$3.5 million per project. Almost all of these grants (32) are integrated into our loans worth a total of US\$380 million, amplifying their impact. Last year, we assigned climate and environment specialists to support the integration of the GEF grants into our loan activities. This will help in incorporating the lessons learned into our wider portfolio.

Islamic Development Bank

IFAD's partnership with the Islamic Development Bank (IsDB) stretches back to an agreement signed in 1979, aimed at promoting a compatible approach to agricultural and rural development and food production. The two organizations have since cofinanced 18 projects in 12 countries, along with regional initiatives. IFAD's investment in these activities has totalled US\$227.6 million, and IsDB has contributed US\$192.1 million.

In 2010, IFAD and IsDB signed a US\$1.5 billion framework cofinancing agreement to substantially increase development financing in the poorest countries where both organizations work. A common pipeline of projects was developed for a three-year rolling programme. In 2011, the two organizations agreed to jointly fund three operations – two in Yemen and one in Azerbaijan. Total funding from IsDB was US\$90.3 million, while IFAD invested US\$41.6 million.

The two organizations continue to build their partnership through staff exchanges and knowledge-sharing activities, focusing on key areas such as agriculture, water and the environment. We are also working together by exchanging views on joint activities; learning about each other's financial products and services; and discussing future collaboration with emphasis on partnerships beyond operations and projects.

African Development Bank

IFAD and the African Development Bank (AfDB) have been building their partnership steadily since the signing of a memorandum of understanding in 2008, in the context of the Paris Declaration on Aid Effectiveness. During 2011, the two organizations continued to work together at corporate and country level, increasing cofinancing and knowledge-sharing in key thematic areas such as remittances, financial services, and access to improved technology and inputs, particularly seeds and fertilizers.

As at 31 December 2011, AfDB had provided financing totalling US\$332.7 million to 14 projects in IFAD's current portfolio. This includes cofinancing of US\$70 million approved by AfDB in 2011 for the new Rural Enterprises Project in Ghana.

Joint planning exercises and supervision missions, and regular exchange of information for

timely decision-making have strengthened in-country coordination and project performance. In addition, the two organizations have launched an initiative to assess national procurement systems in a few key countries where they are to work together in the near future. The first such assessment was carried out in Liberia and a second is ongoing in the Central African Republic. IFAD is also partnering with AfDB and FAO to upgrade existing computer programmes used for the design of projects. The enhanced tools are expected to be made available during 2012.

The Comprehensive Africa Agriculture Development Programme

The Comprehensive Africa Agriculture Development Programme (CAADP) is an initiative owned and led by Africa. It works to boost agricultural productivity on the continent and to strengthen planning mechanisms and investment in agriculture. CAADP is the agricultural programme of the New Partnership for Africa's Development (NEPAD) Planning and Coordinating Agency, which itself is an implementing agency of the African Union.

CAADP aims to increase agricultural productivity by at least 6 per cent per year and to raise public investment in agriculture to 10 per cent of national budgets per year. IFAD supports the CAADP process and, in particular, works to ensure that the needs of smallholder farmers, women and young people are taken into account.

Across Africa, we strive to align our country programmes with national agricultural investment plans under CAADP. In Sierra Leone and Togo, we are the supervising institution that assists recipients of funds from the Global Agriculture and Food Security Program (GAFSP) by providing fiduciary management of funds on behalf of the GAFSP while ensuring implementation support for agricultural development activities (see page 59). These include promoting farmers' access to fertilizer, seeds and rural finance; improving rural roads; and strengthening farmers' organizations in support of the investment plans, as well as improving monitoring and evaluation systems.

We are also active members of the CAADP Partnership Platform – both directly and through our support to the Global Donor Platform for Rural Development (see page 47). The Platform

strengthens coordination of partners with the African Union in support of the CAADP agenda, including support to strengthen the participation of farmers' organizations in the CAADP processes, and the development of regional initiatives to strengthen country-level policy analysis, monitoring of investments and knowledge-sharing.

Global Donor Platform for Rural Development

The Global Donor Platform for Rural Development is a network of 34 bilateral and multilateral donors, international financing institutions, intergovernmental organizations and development agencies. IFAD is a founding member and co-chair.

Members share a common vision that agriculture and rural development are central to poverty reduction. They also share the conviction that sustainable and efficient development requires a coordinated global approach. The Platform advocates for increased and more effective aid for rural areas. It also highlights the role that more effective investment must play in the achievement of the MDGs.

In 2011, the Platform supported the Agricultural and Rural Development Day 2011 at the COP 17 in Durban, South Africa, as well as a series of events at the Busan Fourth High Level Forum on Aid Effectiveness held in the Republic of Korea.

Three Platform Knowledge Pieces were prepared during the year. The first study traces consistencies and problems of policy coherence in agriculture and rural development through country examples. The second study offers a new perspective on aid flows in agriculture and rural development for enhanced transparency, accountability and aid effectiveness. The third publication focuses on the role of the private sector in rural development.

Several members, including the Canadian International Development Agency (CIDA) and IFAD, have established an agricultural research working group. In September 2011, at the IFAD Share Fair held in Rome (see page 7), the Platform organized a session on emerging opportunities for investment in agriculture innovation systems with an 'interactive chat show'.

The Platform's website provides an overview of its work, including the 2010 Annual Report. See <http://www.donorplatform.org>.

Building farmers' organizations

Partnerships between IFAD and farmers' organizations were consolidated at all levels during 2011. This was achieved by strengthening our partners' involvement in IFAD country programmes and supporting capacity-building at local, national and regional levels. The formulation of all country strategic opportunities programmes (COSOPs) and the design of most projects approved in 2011 included consultation with farmers' groups. In Asia, sub-Saharan Africa and South America, large regional grants in support of national farmers' organizations reached full implementation stage, benefiting more than 70 national organizations in 62 countries. We also strengthened our partnership with AgriCord, to support the involvement of farmers' organizations in IFAD country programmes and global policy processes.

During the year, we conducted a survey on our performance in working with farmers' organizations. It found that these partnerships have improved IFAD's understanding of poverty issues and helped make projects more effective and sustainable. IFAD-supported projects that involve partnerships with farmers' organizations are reporting good performance in terms of poverty focus, participant targeting, institution-building and implementation. The survey results will be presented at the fourth global meeting of the Farmers' Forum, in February 2012.

New projects are being designed to expand the role of national farmers' groups and cooperatives, such as by enabling them to engage in value chain partnerships on better terms. For example, in Rwanda the new Project for Rural Income through Exports is supporting the development of farmers' cooperatives working with cash crops such as coffee, cocoa and silk.

The largest of IFAD's regional grant programmes in support of farmers' organizations – the pilot Support to Farmers' Organizations in Africa Programme, cofinanced with the European Commission – is now close to completion. The results appear promising in terms of increasing professionalism among national farmers' organizations, improving their internal governance, and building their capacity to influence and, in some cases, to shape national or regional policy agendas. Negotiations are under way for phase two of this initiative. In addition to extending the

programme to North African countries, phase two will broaden the scope by supporting farmers' organizations in the provision of economic services to their members, particularly in the area of input supply and product marketing.

In October, IFAD hosted the International Forum of the Civil Society Mechanism of the Committee on World Food Security. It enabled farmers' and other civil society groups to prepare their participation in the annual session of the Committee on World Food Security.

The Microfinance Information eXchange

In 2005, IFAD was the first donor to partner with the Microfinance Information eXchange (MIX), a source of data, research and analysis on microfinance. Since then, we have provided funding totalling about US\$2.5 million.

We recognize that effective performance monitoring and greater transparency in the microfinance sector strengthen institutions and increase competition, which leads to better financial products at better prices for poor people in rural areas.

The MIX Market (www.mixmarket.org) is the only global, decentralized database of information on microfinance. It is a key performance monitoring and benchmarking tool, and serves as a central point for exchange of information among microfinance institutions, public and private investors, and market facilitators such as rating agencies and regulators. Microfinance institutions, for example, post data on outreach and financial performance, detail their financing needs and share institutional information. This innovative marketplace has accelerated the flow of technical assistance and funds to the sector by increasing transparency and improving industry reporting standards.

The MIX Market captures all of the IFAD Results and Impact Management System (RIMS) indicators for rural finance, making this tool a key element of our strategy to build the capacity of our rural finance partners. To date, 73 of these partners report the required indicators via the MIX Market. Together, they serve nearly 3 million borrowers – 58 per cent of whom are women – and manage outstanding loans totalling over US\$1.0 billion. Overall, these rural finance partners have posted impressive performance.

With these results, the synergy between IFAD's commitment to transparency and the functionality of MIX performance monitoring tools is clear.

In 2011, we formally extended the partnership by providing a grant of US\$1.2 million to the MIX to actively support the growth of healthy microfinance markets and microfinance service providers until 2015.



Measuring and improving results

Report on IFAD's Development Effectiveness

The annual Report on IFAD's Development Effectiveness (RIDE) is an in-depth analysis of our performance, as submitted to our governing bodies and made available online. See <http://www.ifad.org/gbdocs/eb/104/e/EB-2011-104-R-9.pdf>.

The 2011 edition of the RIDE clearly shows our progress during the Eighth Replenishment period (IFAD8) of 2010-2012, compared with the previous three-year Seventh Replenishment period (IFAD7). Commitments of loans and grants in 2011 are up by more than 60 per cent over 2008. We are also right on track to meet the record IFAD8 commitment target of US\$1.2 billion. Ongoing projects continue to increase the number of people participating in project activities and the material inputs and services provided to poor rural communities.

Projects are being implemented faster, with fewer time overruns. Our direct supervision of 220 ongoing programmes and projects is supporting this improvement. Country ownership of IFAD-supported projects also continues to grow, partly as a result of the expansion of our network of small but highly focused country offices (see page 51).

In line with global changes, the RIDE shows that we are strongly engaged in supporting South-South cooperation and are rapidly expanding our collaboration with the private sector. To strengthen this process, a new private-sector strategy was approved in 2011. We also compare well with other international financial institutions in our work to support the empowerment of women (see page 7). The report shows that we have strengthened our partnerships – both financial and with smallholder farmers – and we are also a leader in the field of planning for scaling up operations and broadening their impact.

IFAD's key results challenge is project efficiency. Although we are seeing improvements, this remains

the weakest outcome indicator, and this also has an effect on other areas such as project sustainability. Improving project efficiency is a complex undertaking, which calls for a comprehensive approach to the smallholder economy. Our new Strategic Framework (see page 5) lays the foundations for a long-term, systematic response in this area.

Quality support for programme design

IFAD uses a two-step quality support system to review and improve the design of the programmes and projects that we fund. The first step is known as quality enhancement. This is the internal technical review process, through a panel, that ensures that best practices from IFAD and other agencies are incorporated in new projects. Areas such as compliance with our policies, technical analysis, targeting, gender and environmental aspects are focused on. Project design is then amended according to the panel's recommendations and submitted to the independent quality assurance review. This is the second and final step before loan negotiations and submission to the Executive Board for approval. In 2011, 39 programmes and projects, including 7 Global Environment Facility (see page 45) projects, were reviewed.

The first step of the process identifies areas of weakness in project design and recommends realistic solutions for improvement. Our technical advisers participate in design missions and are involved throughout the design phase and beyond. This is redefining quality enhancement as an overall support function rather than a simple review process for design documents.

During the year, we worked to improve the interface between quality enhancement and quality assurance. The aim was to strengthen the entire quality-at-entry compact and to ensure that these two independent processes are mutually

complementary. Two workshops were held during the year to consider the effectiveness of quality reviews and the use of economic and financial analysis at IFAD.

In 2011, 38 per cent of projects reviewed by the quality assurance function were cleared for Board approval with few or minor changes; while some 60 per cent required substantive design modifications. During the year, frequent issues highlighted by reviewers related to the need to:

- strengthen aspects of design related to implementation arrangements – streamlining project coordination mandates; identifying key service providers; simplifying overambitious designs; anticipating and mitigating risks to project success
- improve economic and financial analysis in IFAD-supported projects
- strengthen logical frameworks and performance indicators
- consistently include governance and anticorruption frameworks in project design.

Ratings have been fairly consistent since the quality enhancement and assurance processes were introduced. The average overall quality-at-entry rating was unchanged from 2010 at 4.4, which is considered moderately satisfactory (see Table 2). The proportion of projects rated favourably for effectiveness of thematic areas, project impact on poverty measures, gender equality and target population remained above 90 per cent. The percentages of projects with satisfactory ratings for sustainability of benefits, and innovation, learning and scaling up were higher than in the previous year, although they remained below their 2012 target levels (90 per cent of projects reviewed). In 2011,

quality assurance reviewers judged that 88 per cent of projects were likely to achieve their development objectives, compared with 86 per cent in 2010 and 79 per cent in 2008 and 2009.

IFAD's presence in the field

During the year, we continued to strengthen and increase our presence in the countries where we work. The numbers of international staff rose – together with the number of country offices and local staff engaged. At 31 December, there were some 64 staff in IFAD country offices, 19 of whom are international Professionals including 3 Associate Professional Officers. During 2011, IFAD signed 9 host country agreements with governments, bringing to 18 the total signed to date.

Our Executive Board approved a policy and strategy governing IFAD's country offices. This included updated criteria for opening of offices; criteria for selecting various office models; and an exit strategy for closing offices. In approving the policy, the Board also approved an increase in the number of the country offices up to a maximum of 40. Five new offices will be established in the near future – in Bangladesh, Burundi, Malawi, Mali and the Niger.

The Board recognized the strong link between country presence and the improved performance of a country's portfolio. It is expected that over the long term, more of IFAD's programmatic operations will be managed through country offices, enabling us to better serve our clients and contributing to organizational efficiency.

Anticorruption, institutional oversight and accountability

Irregular practices such as corruption, fraud, and collusive and coercive actions prevent funding from

TABLE 2
Quality-at-entry ratings, 2011

RMF indicators	Description	Average rating	Moderately satisfactory or better ratings ^a (percentage)
1	Effectiveness of thematic areas	4.5	93
2	Projected impact on poverty measures	4.5	95
2D	Gender equity and target population	4.6	95
3	Innovation, learning and scaling up	4.2	85
4	Sustainability of benefits	4.2	83
Overall rating		4.4	85

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

reaching poor rural people. IFAD is committed to raising awareness among our staff and partners about all forms of corruption, and to following up on all allegations.

The Office of Audit and Oversight provides independent and objective assurance and advisory services to the Executive Board, the President and programme managers. It systematically evaluates the effectiveness of risk management and control and governance processes. The office also reviews and investigates possible or alleged irregular practices in IFAD-supported activities, and staff misconduct.

IFAD has a confidential and anonymous mechanism through which complaints and allegations can be made. The Office of Audit and Oversight assesses all allegations received and fully investigates those judged to merit further enquiry. Sanctions applied include debarment from IFAD-funded activities and referral to national authorities. A range of disciplinary actions is available in cases involving staff members. Slightly fewer allegations were received in 2011 (41) than in 2010 (43).

Throughout 2011, the Office of Audit and Oversight continued to promote the anticorruption agenda by working with programme staff and national authorities to emphasize and implement anticorruption principles. These initiatives are increasingly relevant as IFAD continues to increase the number of programmes and projects that we are supervising directly and to build our presence in the field.

In 2011, five programme-related audits were finalized. Continuing the initiative implemented in 2009 with the Haiti country programme audit, a comprehensive country programme audit was also conducted in Egypt. During the year, we hosted four internal auditors from Member States in a capacity-building programme that involves six-month secondments. This allows seconded professionals to draw on the IFAD internal audit experience and thus strengthen local audit capacities.

Independent evaluation

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

The 2011 Annual Report on Results and Impact of IFAD Operations (ARRI) consolidates and synthesizes 41 project evaluations by the Independent Office of Evaluation of IFAD. It also

draws on the findings and recommendations of the corporate-level evaluation of IFAD's private-sector strategy and five country programme evaluations undertaken between 2010 and 2011.

This year's ARRI uses two new products for project evaluations: project completion report validations – independent desk reviews of project completion reports; and project performance assessments, which assess project results and impact based on the report validations and a field mission. These products provide a more robust analytical basis than past editions.

The 2011 ARRI presents the following key results:

- The performance of IFAD-supported projects continues to be strong in terms of relevance – to the needs of project participants, the IFAD country strategy, and the policies and priorities of recipient governments – and effectiveness. We are also showing good results for impact on rural poverty, innovation, and the promotion of gender equality and women's empowerment.
- IFAD's own performance as a partner has improved markedly. Close to 80 per cent of projects evaluated show that our performance as a partner is satisfactory.
- In spite of improvements in past or recent years, performance remains weak in three areas, namely the efficiency of IFAD-financed projects, natural resource management and the environment, and sustainability (the continuation of benefits after projects close). Moreover, the performance of recipient governments as partners in IFAD-supported projects has not improved much over the past decade, in particular the capacity of public delivery systems in the agriculture and rural sectors. The ARRI concludes that IFAD could make greater efforts to support governments in boosting their own performance.
- In spite of the areas for improvement, a benchmarking analysis conducted in the context of the ARRI concluded that the performance of IFAD-supported projects was on the whole better than that of operations funded by several international financial institutions producing a similar report.
- With regard to performance at the country programme level, there have been improvements over the last five years in non-lending activities,

namely policy dialogue, partnership-building and knowledge management. At the same time, evaluations continue to reveal the need for better synergies between investment projects and non-lending activities, including grant operations. Country-specific grants are increasingly well embedded within country programmes, but the same cannot be said about regional and global grants funded by IFAD. Grant monitoring and supervision in general remains weak.

- Although the performance of IFAD-financed operations continues to be strong in several areas and has improved in others, moderately satisfactory performance remains the norm. While the percentage of projects rated as satisfactory or highly satisfactory for overall project achievement has risen, these remain a relatively small minority of 32 per cent. This shows that there is still scope for improvement.

The 2011 ARRI also identified findings that are critical to further strengthening IFAD's development effectiveness in the future.

The recent approval of IFAD's country presence policy, together with the drive to expand our presence in the countries where we work, are key to increasing the effectiveness of the country programmes we support. Evaluations also found that the most effective form of country presence is when country programme managers are outposted rather than based at headquarters.

However, the incentives and accountability framework for outposting country programme managers remain inadequate. The move towards establishing regional and subregional offices offers good support to country programmes and is consistent with good practice followed by other multilateral development organizations.

IFAD is making useful contributions to policy dialogue at key global and regional forums. However, our input to policy and strategy development at the national level remains an area of challenge. The ARRI finds that we must enhance our role and participation in such processes. This would allow us to play a part in defining country priorities, including greater allocation of domestic resources towards the development of smallholder agriculture.

As in past years, IFAD management responded in writing to the ARRI. They welcomed the new

practice of using project completion report validations and project performance assessments as part of project evaluation. Together with the use of three-year averages, these ensure that measurements of IFAD's performance are more reliable and more statistically robust.

Management intends to work towards more standardized and homogenous project completion reports to reduce variability in report quality. However, it was noted that Member States lead the project completion process and the reports are essentially their product. We will therefore focus more on helping to build government capacity to compile the reports, rather than taking over the process. This is in line with our current operating model that accords top priority to country ownership of the development process, and to building national capacity, including for evaluations.

Management generally agreed with the ARRI's findings about the performance of IFAD-supported programmes and projects, both positive and negative. Regarding the drive to expand our presence in the countries where we work, management fully supported the ARRI recommendation that the required incentives and accountability framework be developed to increase the number of country programme managers posted in IFAD country offices (see page 51).

Management did not agree, however, with the ARRI recommendation that IFAD should develop guidelines for staff to generate adequate levels of counterpart funding from recipient Member States in the context of IFAD-supported projects.

The main learning theme of this year's ARRI is direct supervision of programmes and projects and implementation support. It notes the need to support country offices in this area, in particular through training in implementation support and the clarification of roles and responsibilities in the supervision process. Management fully supported the proposal to include IFAD's approaches and results in conducting policy dialogue as the learning theme for ARRI in 2012.

Other evaluation activities in 2011

In May, the Executive Board adopted the revised IFAD Evaluation Policy. It clarifies the role of independent evaluation and also includes self-evaluation functions for the first time. New terms of reference for the Evaluation Committee were approved, redefining

the objectives and scope of its work. By defining the role and responsibilities of the Committee, as well as the accountability and independence of the Independent Office of Evaluation of IFAD, and by revising the evaluation approach, the revised Policy and new Terms of Reference provide a solid basis for ensuring that both IFAD's independent and self-evaluation functions continue to evolve according to best international practice.

The corporate-level evaluation on efficiency was launched in 2011 and its results will be presented to the IFAD Executive Board in 2012.

During the year, the Independent Office of Evaluation assessed our achievements under the 2005 Private Sector Development and Partnership Strategy. The assessment found that IFAD has promoted greater private-sector involvement in the operations we support, particularly through increased focus on the development of value chains. However, a number of factors have constrained results. These include an overly broad definition of the private sector, insufficient leverage of existing instruments such as loans, grants and policy dialogue, and the lack of a facility that would enable IFAD to lend directly to the private sector.

Five country programmes were evaluated. In Ghana, the evaluation found that portfolio performance had improved overall. IFAD's strategic focus in the country has shifted from smaller, geographically targeted interventions to countrywide sectoral programmes. While this has meant more attention to institutional and policy issues, notably in rural finance and microenterprise support, it has also reduced investments in the poorest Upper West Region of Ghana. IFAD has fostered innovative approaches, but often with insufficient pilot testing and inadequate involvement of other donors before scaling up.

In Kenya, good results were achieved in natural resource management, community development, income generation and commercialization for smallholder farmers. However, the evaluation underlined outstanding challenges, including insufficient attention to policy dialogue and strategic partnerships with other donors, numerous subsector activities and an unbalanced focus on the south-west of the country.

In Rwanda, IFAD-supported interventions have helped protect soil fertility and watersheds. They have also contributed to increasing the productivity

of food crops, promoting export crops and creating non-farm jobs. On the negative side, insufficient efforts and resources have been invested in partnerships, policy dialogue, knowledge management in rural finance, development of cooperatives, and support to local government.

In Viet Nam, IFAD has contributed significantly to the reduction of poverty. The evaluation validates the increased emphasis on the market approach and the greater attention to ethnic minorities. However, several challenges remain. These include the strategic engagement of the private sector, strengthened partnerships and a more favourable credit environment for smallholder farmers. The evaluation recommends more systematic policy dialogue at the national level and the scaling up of innovations.

Despite a difficult country context in Yemen, IFAD has achieved positive results in promoting social mobilization and access to social services, and in boosting agricultural productivity and women's empowerment. On the other hand, we have had only limited success in enhancing poor rural households' access to financial services, and we continue to face challenges related to overall weak government performance, among other things. There were incremental improvements in programme performance over the 18-year period reviewed, but the evaluation recommended an ongoing assessment of IFAD's strategic directions in the light of current political instability and the wide range of challenges facing the country.

Performance-based allocation system

The performance-based allocation system (PBAS) assigns IFAD's loan and country grant resources to country programmes. It also allocates grants under our debt sustainability framework. Allocations are based on rural population, per capita gross national income and country performance. Several other development finance institutions use a PBAS, including the African Development Bank, the Asian Development Bank and the International Development Association (IDA) of the World Bank.

In the fourth quarter of 2011, we updated data on portfolio and rural sector performance and country scores for 2011. The updated data are reflected in the final 2011 country scores and the 2012 country allocations. These were tabled at the December session of the Executive Board and subsequently

disclosed in accordance with the procedures agreed for disclosure of PBAS information on our website (<http://www.ifad.org/operations/pbas>).

The African Development Bank hosted the seventh PBAS technical meeting in June 2011 in Tunis. In summarizing the status of PBAS implementation, participants noted at the recently concluded IDA16 Replenishment that the current PBAS is generally working well.

All loans and country-specific grants presented to the Executive Board for approval in 2011 were within countries' PBAS three-year 2010-2012 allocations.

Scaling up successful interventions to increase development impact

The Millennium Development Goals and other concrete targets have led to a broad expansion of efforts to achieve real and permanent change. One component of this is scaling up successful initiatives so that they become institutionalized as the new and more effective way of doing things – which is the key to sustainable development.

Scaling up takes different forms in different contexts. In Ghana, for example, in 1995 IFAD began supporting a project meant to provide a district-based support system for small and medium-sized enterprises. The recently approved Rural Enterprises Project, the third iteration of the project, is now mainstreaming that system to nationwide coverage through institutional reform at the district, regional and national levels, ensuring that the government can cover all recurrent costs at completion.

In Albania, scaling up is not based on replication or expansion but rather on geographical targeting and on value-chain development. IFAD-supported programmes have successively focused on the poorest, least developed mountain areas and gradually introduced a series of financing instruments to build and strengthen value chains. During 2011, our experience in Albania was reviewed to ensure that lessons learned inform continuing work.

The findings of a 2010 review of IFAD's approach to scaling up by the Brookings Institution have led to a number of adjustments in our approach. These have addressed our analytical framework for scaling up, operational practices and relevant instruments, knowledge, resources and incentives. Practical examples of progress include the development of

knowledge products, guidance tools for programme design and country-level engagement, peer reviews, partnership-building and outreach.

Against this background, in October 2011 IFAD hosted a series of learning and partnership-building activities. These brought together the full range of development partners: IFAD Member States, bilateral and multilateral agencies, research networks, foundations, NGOs and the private sector. Gathering these partners together provided an opportunity to promote a community of practice for scaling up in agriculture and rural development, and to identify options for improving collaboration at all levels.

Reforming human resources to empower people and deliver results

The evolution of human resources management at IFAD responds principally to the ongoing change and reform agenda and our growing presence in the field. Realigning our human resources to support country operations is a paramount objective of our human resources reform, as is ensuring control over the size, quality and performance of the workforce.

IFAD's presence in the field is being increased and strengthened. As at 31 December, we have issued 45 contracts to National Officers and General Service staff members in 24 locations in regions where we operate. In addition, four United Nations Development Programme contracts have been issued to national Professional staff members in four locations. Currently, there are 19 international Professional staff members in IFAD country offices, including Associate Professional Officers.

At the same time, we have been working to make our headquarters operations more efficient. For example, we are undertaking a job audit with external consultants to take a fresh look at the roles and responsibilities of all staff members (as set out in their job descriptions) and determine how they align with our evolving needs and mandated activities.

As our staff presence increases in the dozens of countries where we work, lines of communication become longer and longer. To enhance the integration of staff at all levels, from headquarters to the field, we conducted two week-long induction programmes in Rome, involving a total of 53 staff members serving in the field and 17 at headquarters. These programmes allowed staff to interact with each

other as well as with senior management, and to build their knowledge of our overall strategic vision while also contributing valuable experience and lessons learned from the field level.

We are making a conscious effort to reinforce our rotation policy to enhance staff mobility and improve effectiveness and efficiency. In 2011, there were a total of 44 internal rotations and 5 transfers outside IFAD. We will continue to participate in the Mobility Accord of the United Nations system, which is currently undergoing review.

In December, we issued new staff rules and the related implementing procedures. The new rules and procedures provide greater clarity and consistency for management and staff on key human resource processes and procedures and ensure that all procedures are current and in keeping with best practices.

Staff numbers and statistics as at 31 December 2011 were as follows:

- Total staff numbered 524, including staff of the IFAD Office of Evaluation. Of these, 298 were in the Professional, National Officers and higher category, and 226 were in the General Service category.
- The Professional, National Officers and higher category included nationals from 78 Member States. Within the Professional category, 42 per cent of staff were women, whereas in the General Service, women represented 82 per cent. Women make up 59 per cent of IFAD staff.
- 23 staff in the hosted entities (Global Mechanism and International Land Coalition): 16 in the Professional and higher category, and 7 in the General Service category.

Establishment of the Ethics Office

In February 2011, IFAD established an Ethics Office to promote and uphold the highest standards of the organization, our Code of Conduct and Core Values.

The Ethics Office is independent of any official, department, office, or other organizational entity. Its tasks include:

- championing and overseeing the ethics and compliance function, and managing the organization's comprehensive ethics and anti-harassment programme
- developing standards, training and education programmes on ethics issues

- providing guidance to management to ensure IFAD rules, policies, procedures and practices reinforce and promote the standards of integrity called for by the organization
- reviewing allegations of misconduct that do not involve fraud and corruption, and closely coordinating with the investigation unit of the Office of Audit and Oversight when an investigation is warranted, ensuring protection of staff against retaliation
- managing the annual financial disclosure programme and tracking trends to provide insight to the President and Senior Management on organizational effectiveness – including risks, incidents and initiatives relating to business conduct
- advising managers and staff on actions that may constitute a violation of IFAD's Code of Conduct and Core Values by providing confidential guidance on ethical issues, for example, conflicts of interest, outside activities and gifts.

During the year, 34 training courses were held to raise staff awareness of ethical issues in the workplace, including anti-harassment and IFAD's Code of Conduct.



Financing data and resource mobilization

The tables and charts in this chapter give detailed data for IFAD's ongoing and cumulative portfolio. Table 1 and related charts (1, 2 and 3) also give key figures for 1978-2011.

Core resources and supplementary funds in 2011

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.

Ninth Replenishment of IFAD's Resources (2013-2015)

The Consultation on the Ninth Replenishment of IFAD's Resources began in February 2011 after the session of the Governing Council. During 2011, IFAD's Member States held four consultation sessions on the Ninth Replenishment, during which priorities for action and policy direction were agreed upon.

The Consultation agreed to a target of US\$1.5 billion in new contributions to finance agriculture and rural development projects across the developing world. This represents a 25 per cent increase over IFAD's Eighth Replenishment.

In addition to the new funds, Member States mandated IFAD to find new sources of finance that effectively share the development burden more broadly, including raising investment from non-members and others.

The injection of new funds from Member States is a confirmation of our vital role in international development architecture as an effective organization delivering results in the area of food and income security, especially for the poorest

people. Forty to fifty per cent of these resources will be channelled to sub-Saharan Africa for development projects.

Eighth Replenishment of IFAD's Resources (2010-2012)

The Eighth Replenishment of IFAD's Resources is ongoing and will continue until 31 December 2012. By 31 December 2011, Member States had pledged a total of US\$1,056.0 million for the Eighth Replenishment, 88 per cent of the replenishment target. Instruments of contribution deposited totalled US\$784.0 million and actual payments amounted to US\$846.0 million (80 per cent of pledges). At the same date for the Seventh Replenishment, actual payments amounted to US\$434.0 million (68 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.

Supplementary funds

Supplementary funds are resources provided to IFAD in addition to regular replenishment contributions¹⁰ to support specific initiatives, as indicated in the relevant agreement between IFAD and the donors.

During 2011, major agreements were reached with various partners, including the European Commission, the International Bank for Reconstruction and Development (World Bank-IBRD), and the governments of Denmark and Finland. The European Commission committed to supporting the work of the CGIAR Consortium (see page 44), the Economic Opportunities Programme

¹⁰ The main resources of IFAD are those as defined in Article 4 of the Agreement Establishing IFAD. Supplementary funds are other contributions accepted to supplement these resources to enhance IFAD's operations and to build strategic linkages and partnerships with members. The supplementary funds referred to in this section finance specific programmes or activities and include resources that flow through IFAD to cofinance IFAD loan-supported programmes and projects. They do not include Associate Professional Officer resources or funds that IFAD administers on behalf of partner organizations hosted on our premises (Global Mechanism and International Land Coalition) or the Global Environment Facility.

in Yemen, and the establishment of a multi-donor Technical Assistance Facility for smallholder farmers accessing the African Agriculture Fund.

Denmark and Finland agreed to cofinance the Rural Assets Creation Programme in Armenia and the Smallholder Productivity Promotion Programme in Zambia, respectively. IFAD has been appointed as the supervising entity and funding channel for the stand-alone GAFSP US\$50 million programme in Sierra Leone and for the US\$20 million cofinancing grant to scale up both IFAD and World Bank-supported programmes in Togo.

Overall, in 2011, IFAD received US\$76.8 million in supplementary funds under agreements signed in 2011 and previous years. This figure does not include funds to the Associate Professional Officer

programme and to IFAD's hosted institutions. Table 3 shows supplementary funds received during the year.

Ongoing portfolio

In line with the strong growth in IFAD's programme of work – which rose by 18 per cent over 2010 – our ongoing portfolio continued to expand in 2011. At the end of the year, there were 240 ongoing programmes and projects with an IFAD investment of US\$4.6 billion, compared with US\$4.2 billion for 234 programmes and projects at the end of 2010. IFAD's two sub-Saharan African regions – West and Central Africa, and East and Southern Africa – together accounted for 106 ongoing projects, with a total investment of nearly US\$2 billion.

TABLE 3
Summary table of supplementary funds for thematic and technical assistance, and cofinancing received in 2011
Amounts in US\$ million

Donor	Thematic and technical assistance	Cofinancing (excluding parallel cofinancing)	Total
<i>Food Facility</i>		9.5	
<i>CGIAR</i>		29.8	
<i>Farmers' organizations</i>	1.5		
<i>Yemen</i>		2.5	
<i>Technical Assistance Facility</i>	0.3		
European Commission total	1.8	41.8	43.6
GAFSP (through the World Bank-IBRD) Sierra Leone, Togo		25.0	25.0
Netherlands	0.1	2.9	3.0
Switzerland	1.0	-	1.0
Denmark	-	2.6	2.6
COOPERNIC	1.0	-	1.0
Italy	-	0.5	0.5
UNIDO Technical Assistance Facility	0.1	-	0.1
Total	4.0	72.8	76.8

TABLE 4
Ongoing programme and project portfolio by region^a
As at end December 2011

	Number of programmes and projects	IFAD financing ^b (US\$ million)
West and Central Africa	54	826.0
East and Southern Africa	52	1 145.6
Asia and the Pacific	61	1 449.5
Latin America and the Caribbean	31	461.7
Near East, North Africa and Europe	42	698.3
Total^c	240	4 581.2

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 approved by the Executive Board. Amounts include loans, debt sustainability framework (DSF) grants and component grants. Grants unrelated to programmes and projects are not included.

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

Cofinancing of IFAD-supported programmes and projects

Cofinancing is a vital source of funding for the development interventions we support. This includes resources from multilateral and bilateral donors, and domestic contributions from recipient governments and project participants themselves. Over recent years, domestic contributions, in particular, have grown substantially – tripling in value from US\$274.0 million in 2007 to US\$832.4 million in 2011 (Table 1).

Multilateral cofinanciers continued to provide the bulk of external cofinancing during the year, followed by bilateral donors. Chart 10 shows the breakdown by type of external cofinancing of IFAD-supported programmes and projects for 2011.

Chart 11 shows the top 15 multilateral cofinanciers of IFAD-initiated programmes and projects to date, headed by the African Development Bank (AfDB), the OPEC Fund for International Development (OFID), the International Bank for Reconstruction and Development (IBRD) (of the World Bank Group), and the Arab Fund for Economic and Social Development (AFESD). Together, these four represent over 50 per cent of total multilateral cofinancing of US\$2.7 billion.

Chart 12 shows our top bilateral donors, with Spain, Belgium, Netherlands, France and Germany the largest contributors. Together, they have provided over 60 per cent of total bilateral cofinancing worth US\$840.1 million since we started work in 1978.

TABLE 5
Financing of IFAD-supported programmes and projects, 1978-2011
Amounts in US\$ million

	1978-1999	2000-2004	2005-2009	2010	2011	1978-2011
IFAD ^{a, b}	6 523.2	1 916.2	2 753.8	800.2	951.8	12 945.3
Cofinanced ^c	5 864.0	967.9	1 261.7	677.2	412.2	9 183.0
Domestic	7 006.1	1 262.9	1 636.3	934.0	832.4	11 671.6
Total^{d, e}	19 393.3	4 147.0	5 651.9	2 411.4	2 196.4	33 800.0
Number of programmes and projects ^f	551	121	153	33	34	892

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by the Executive Board. Financing for programmes and projects includes loans, DSF grants and component grants. It does not include other grants unrelated to programmes and projects.

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

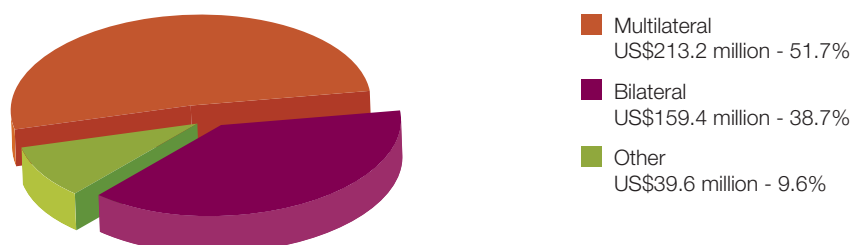
^c Includes cofinancing that may not have been confirmed at the time of Executive Board approval.

^d Total amounts may include additional financing for previously approved programmes and projects. Grants not related to programmes and projects are not included in this table.

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

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

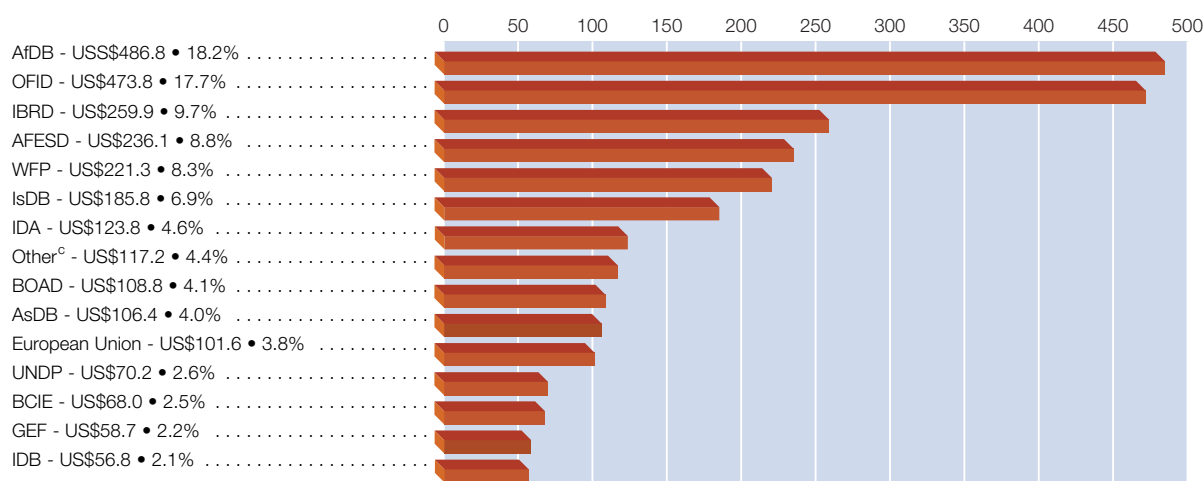
CHART 10
Cofinancing of IFAD-supported programmes and projects, 2011
Share of total of US\$412.2 million^a



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

CHART 11**Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2011^{a, b}**

Amounts in US\$ million



Source: Project and Portfolio Management System.

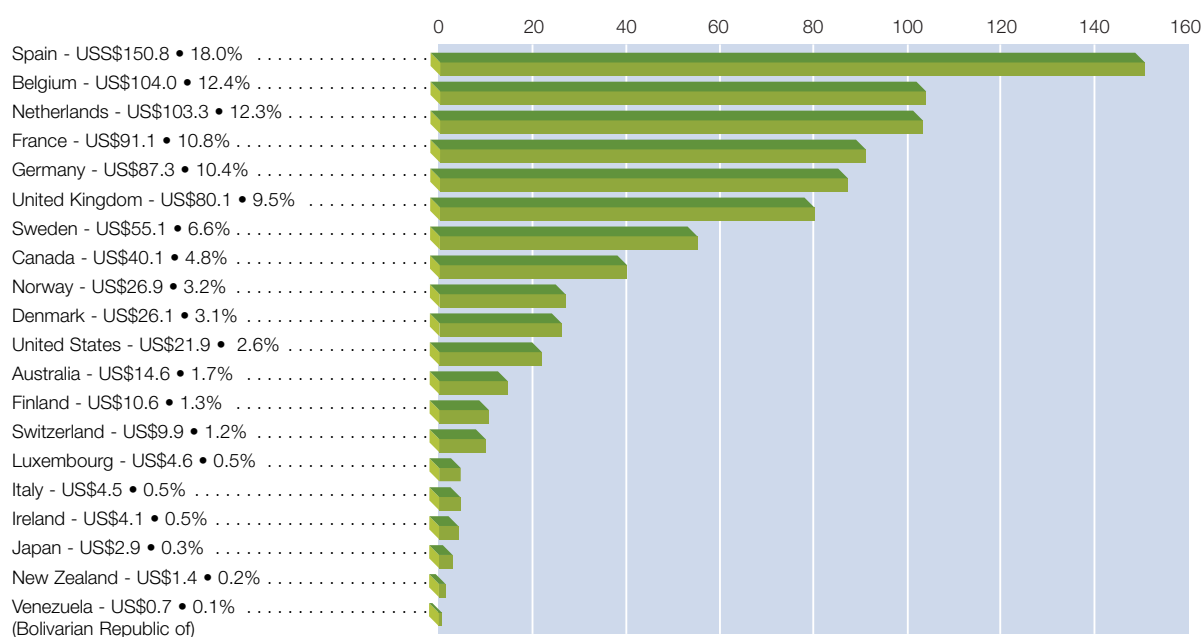
^a Amounts as per the President's report for each programme or project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each multilateral in total multilateral cofinancing of US\$2,675.0 million. Multilateral participation in basket or similar funding arrangements is not included.

^b AfDB = African Development Bank; 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; IsDB = Islamic Development Bank; IDA = International Development Association; BOAD = West African Development Bank; AsDB = Asian Development Bank; UNDP = United Nations Development Programme; BCIE = Central American Bank for Economic Integration; GEF = Global Environment Facility; IDB = Inter-American Development Bank.

^c Other cofinanciers include: Arab Authority for Agricultural Investment and Development (AAAID); The Africa Fund; Arab Bank for Economic Development in Africa (BADEA); Andean Development Corporation (CAF); Caribbean Development Bank (CDB); ECOWAS-Bank for Investment and Development; Food and Agriculture Organization of the United Nations (FAO); Global Agriculture and Food Security Program (GAFSP); 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 12**Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2011^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\$840.1 million. Bilateral participation in basket or similar funding arrangements is not included.

The Spanish Food Security Cofinancing Facility Trust Fund was approved by IFAD's Executive Board in 2010. The Trust Fund consists of a loan from the Government of Spain of €285.5 million (US\$400 million) and a grant of €14.5 million (US\$20.3 million) to be committed during the Eighth Replenishment period (2010-2012). During 2011, the use of €108.6 million was approved by the Board to scale up seven IFAD-supported projects: five in Latin America and the Caribbean (€80.2 million), one in Africa (€7.1 million), and one in Asia (€21.4 million).

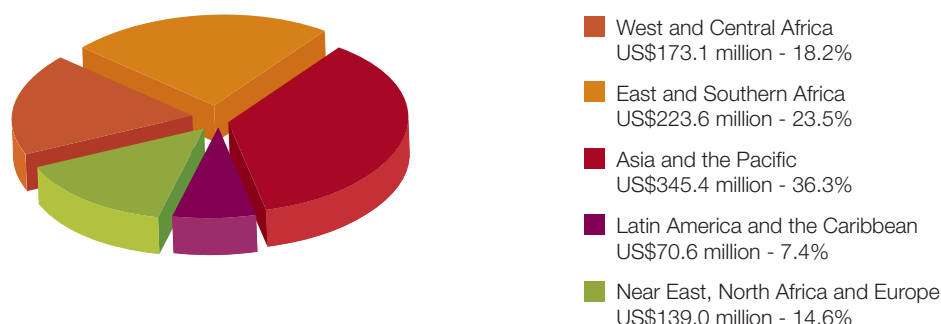
Priority country and regional financing

We continue to prioritize assistance to least developed countries and countries with low food security. Of 2011 programme and project financing, 85.4 per cent was for low-income food-deficit countries (as classified by FAO) and 46.2 per cent was for the United Nations-classified least developed countries. From a regional perspective, IFAD's two sub-Saharan African regions received over 40 per cent of new financing for programmes and projects in 2011 (Chart 13). Table 6 shows financing by region since 1978.

CHART 13

Regional distribution of IFAD financing for programmes and projects approved in 2011^a

Share of total of US\$951.8 million



Source: Project and Portfolio Management System.

^a Financing for programmes and projects includes loans, DSF grants and component grants. It does not include other grants unrelated to programmes and projects.

TABLE 6

IFAD financing for programmes and projects by region, 1978-2011^{a, b}

Amounts in US\$ million

	1978-1999	2000-2004	2005-2009	2010	2011	1978-2011
West and Central Africa						
Total amount	1 127.2	362.7	441.5	150.3	173.1	2 254.8
Number of programmes and projects	120	29	33	5	9	196
East and Southern Africa						
Total amount	1 120.9	403.4	606.8	265.4	223.6	2 620.2
Number of programmes and projects	100	25	30	8	5	168
Asia and the Pacific						
Total amount	2 148.3	520.7	989.4	192.2	345.4	4 196.0
Number of programmes and projects	141	26	42	7	10	226
Latin America and the Caribbean						
Total amount	1 036.4	296.8	336.8	69.0	70.6	1 809.6
Number of programmes and projects	99	17	23	6	4	149
Near East, North Africa and Europe						
Total amount	1 090.5	332.7	379.3	123.3	139.0	2 064.8
Number of programmes and projects	91	24	25	7	6	153
Total IFAD financing^c	6 523.2	1 916.2	2 753.8	800.2	951.8	12 945.3
Total number of programmes and projects^d	551	121	153	33	34	892

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by the Executive Board. Financing for programmes and projects includes loans, DSF grants and component grants. It does not include other grants unrelated to programmes and projects.

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

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

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

Financing by subsector

IFAD's investments by subsector show that funding for agriculture and natural resource management is our top priority (Chart 14). This reflects our core commitment to sustainably raising poor rural people's agricultural productivity and food production. Rural financial services come second in terms of funds invested, and markets and related infrastructure a close third. These categories also play a key role in our drive to fuel economic growth in rural areas, to enable small producers to access profitable and transparent markets and to spread the benefits of wealth generation.

Allocation of programme and project financing by instrument and terms¹¹

Loans on highly concessional terms continue to make up the bulk of our financing for investment programmes and projects.¹² In 2011, a full 50 per cent of new financing was in the form of highly concessional loans, while grants under our debt sustainability framework (DSF) made up 23 per cent of the year's total (Chart 15).

As a share of our cumulative financing portfolio since 1978, highly concessional loans and DSF grants represent nearly 74.5 per cent of the total, well over the two-thirds target set out in IFAD's Lending Policies and Criteria. Table 7 shows figures for investments by financing terms. Table 8 shows investments by terms and regions.

CHART 14
IFAD current portfolio financing by subsector (at end 2011)

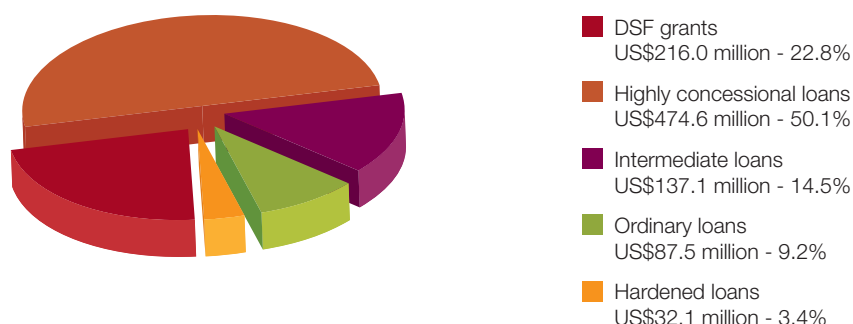


Source: Project and Portfolio Management System.

* Agriculture and natural resource management includes irrigation, rangelands, fisheries, research, extension and training.

** Other includes communication, culture and heritage, disaster mitigation, energy production, monitoring and evaluation, management and coordination, and post-crisis management.

CHART 15
IFAD loans by lending terms and DSF grants, 2011
Share of total of US\$947.2 million^a



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

¹¹ 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.

¹² We provide loans on four different types of lending terms: highly concessional loans that carry no interest charge, have a service charge of 0.75 per cent and are repaid over 40 years; loans on hardened terms that carry no interest charge, have a service charge of 0.75 per cent and are repaid over 20 years; intermediate loans that carry a variable interest charge equivalent to 50 per cent of the reference interest rate and are repaid over 20 years; ordinary loans that carry a variable interest charge equal to the reference interest rate and are repaid over 15 to 18 years.

TABLE 7
Summary of IFAD loans by lending terms, and of DSF grants, 1978-2011^a
Amounts in US\$ million

	1978-1999	2000-2004	2005-2009	2010	2011	1978-2011
DSF grants						
Amount	-	-	401.5	149.6	216.0	767.1
Number of grants	-	-	43	14	19	76
Highly concessional loans						
Amount	4 418.9	1 583.7	1 800.9	526.8	474.6	8 804.9
Number of loans	392	100	110	22	21	645
Hardened loans						
Amount	-	-	-	13.5	32.1	45.6
Number of loans	-	-	-	1	2	3
Intermediate loans						
Amount	1 404.0	150.5	231.3	27.3	137.1	1 950.2
Number of loans	120	10	13	1	3	147
Ordinary loans						
Amount	643.3	174.8	315.5	77.0	87.5	1 298.0
Number of loans	52	10	23	6	6	97
Total amount	6 466.2	1 909.0	2 749.2	794.2	947.2	12 865.8
Total number of loans and DSF grants^{b, c}	564	120	189	44	51	968

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by 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. Any discrepancy in totals is due to rounding.

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

^c Fully cancelled or rescinded loans are not included.

TABLE 8
Regional summary of DSF grants and IFAD loans by lending terms, 1978-2011^a
Amounts in US\$ million

	West and Central Africa	East and Southern Africa	Asia and the Pacific	Latin America and the Caribbean	Near East, North Africa and Europe	Total
DSF grants						
Amount	227.0	295.1	129.3	30.0	85.9	767.1
Number of grants	23	21	14	7	11	76
Highly concessional loans						
Amount	1 885.1	2 188.4	3 416.3	403.3	911.8	8 804.9
Number of loans	181	155	190	40	79	645
Hardened loans						
Amount	-	-	-	-	45.6	45.6
Number of loans	-	-	-	-	3	3
Intermediate loans						
Amount	105.2	109.0	587.5	488.0	660.5	1 950.2
Number of loans	11	11	34	51	40	147
Ordinary loans						
Amount	21.3	10.7	47.0	882.9	336.1	1 298.0
Number of loans	3	3	1	64	26	97
Total amount	2 238.5	2 603.1	4 180.1	1 804.2	2 039.8	12 865.8
Percentage of total IFAD loans and DSF grants	17.4	20.2	32.5	14.0	15.9	100.0
Total number of loans^{b, c} and DSF grants	218	190	239	162	159	968

Source: Project and Portfolio Management System.

^a Amounts as per the President's report for each programme or project approved by 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. Any discrepancy in totals is due to 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.

Disbursements

Disbursements of IFAD loans rose significantly to US\$549.6 million in 2011 compared with US\$457.5 million in 2010 (Table 9). Cumulative loan disbursements under the Regular Programme over the period 1979-2011 amounted to US\$7,900.7 million and 74 per cent of effective

commitments at the end of 2011 (Tables 9 and 11). This compared with US\$7,351.1 million disbursed at the end of 2010, which made up 72.8 per cent of effective commitments.

Together, disbursements of loans and DSF grants in 2011 totalled US\$625.9 million, rising 26 per cent over 2010 (Tables 9 and 10).

TABLE 9
Annual loan disbursement by region under the Regular Programme, 1979-2011^a
Amounts in US\$ million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	1979-2011
West and Central Africa	33.0	34.5	48.6	61.4	62.3	57.8	61.8	64.4	66.8	66.0	74.4	1 137.9
East and Southern Africa	54.1	46.9	55.4	70.2	75.9	88.6	89.4	85.4	106.4	99.4	104.3	1 411.3
Asia and the Pacific	97.9	86.1	78.7	73.1	93.1	127.2	122.0	99.1	129.2	158.0	230.7	2 748.1
Latin America and the Caribbean	63.1	51.4	47.0	49.1	42.3	57.4	63.4	79.1	61.6	64.0	72.9	1 253.6
Near East, North Africa and Europe	43.2	44.5	56.1	57.6	68.0	55.9	62.1	96.1	73.5	70.1	67.3	1 349.8
Total^b	291.3	263.4	285.8	311.4	341.6	386.9	398.7	424.1	437.5	457.5	549.6	7 900.7

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 Any discrepancy in totals is the result of rounding.

TABLE 10
Annual DSF disbursement by region, 2007-2011
Amounts in US\$ million

	2007	2008	2009	2010	2011	2007-2011
West and Central Africa	-	1.1	1.9	8.5	23.3	34.8
East and Southern Africa	1.0	3.6	5.2	16.8	27.3	53.9
Asia and the Pacific	0.9	1.7	4.6	8.8	13.9	29.8
Latin America and the Caribbean	-	-	0.6	0.9	2.9	4.4
Near East, North Africa and Europe	0.1	-	0.9	3.8	7.5	12.3
Global	-	0.1	0.6	0.7	1.4	2.8
Total^a	2.0	6.5	13.8	39.4	76.3	138.0

Source: Loans and Grants System.

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

Managing IFAD's liquidity, cash flow and financial policies

IFAD manages investments worth US\$2.5 billion for our regular programme of work, together with US\$0.7 billion on behalf of supplementary programmes and trust funds, and all related operational cash flows.

In 2011, cash flow operations reached record levels of US\$3.9 billion for the regular programme and US\$2.1 billion for supplementary programmes, registering an overall increase of 33 per cent compared with 2010. The level of the overall cash flow increase was driven mainly by a considerable expansion of supplementary fund activities.

During the year, we completed a comprehensive review of our investment policy and presented an Investment Policy Statement to the Executive Board, setting out the broad framework for IFAD's investments. As part of the review, a risk-budgeting approach will be introduced for

investments in 2012 and in-house risk management will be strengthened through the use of an enhanced risk management tool.

In preparation for the Consultation on the Ninth Replenishment of IFAD's Resources (see page 58), the impact of different programme levels on our financial resources was analysed using the asset liability management framework. We also reviewed the long-term financial approach to IFAD's sustainability and analysed alternatives to the Advance Commitment Authority. This is a facility that allows IFAD to use expected future loan reflows as an additional basis on which to make new loan and grant commitments. It was first used at IFAD in 2001.

IFAD is committed to continuing to make financial risk management and fiduciary and transparency issues a priority during the Ninth Replenishment period 2013-2015.

TABLE 11
Loan disbursement by region and lending terms under the Regular Programme, 1979-2011^a
Amounts in US\$ million

	Highly concessional	Intermediate	Ordinary	Hardened	Total
West and Central Africa					
Amount	1 063.4	60.3	14.2	-	1 137.9
Percentage of effective commitment	70.6	100.0	79.2	-	71.9
East and Southern Africa					
Amount	1 317.2	93.1	1.2	-	1 411.4
Percentage of effective commitment	69.2	90.8	12.0	-	70.0
Asia and the Pacific					
Amount	2 357.6	390.5	-	-	2 748.1
Percentage of effective commitment	74.5	84.0	-	-	75.0
Latin America and the Caribbean					
Amount	337.3	396.1	520.1	-	1 253.6
Percentage of effective commitment	82.5	87.6	66.2	-	76.3
Near East, North Africa and Europe					
Amount	763.8	365.0	219.0	2.0	1 349.8
Percentage of effective commitment	87.8	64.5	74.6	4.5	76.2
Total amount	5 839.3	1 305.0	754.4	2.0	7 900.7
Total percentage of effective commitment	74.4	79.5	65.7	4.5	74.0

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.

As part of efforts to mobilize resources for IFAD's mandate, we evaluated and structured financing alternatives, including funds to be borrowed from Member States. We also provided support to country offices to facilitate local payments and manage special commitments for operational procurements.

As co-chair of the Finance and Budget Network Working Group on Common Treasury Services, IFAD continues to play a leadership role in United Nations system-wide efforts to increase the operational efficiency of United Nations treasuries. We host and administer the dedicated United Nations Treasuries Community of Practice website, which has become the principal forum for interaction among United Nations treasuries.

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

Since 1996, with the introduction of the Heavily Indebted Poor Countries (HIPC) Debt Initiative, debt relief has been employed to aid many of the world's poorest developing countries. In 1999, the HIPC debt-burden thresholds were adjusted downward, enabling a broader group of countries to qualify for larger volumes of debt relief. During 2011, IFAD continued to give full support to these efforts. We also used our debt sustainability framework to ensure that vulnerable countries did not accumulate future debt.

Since the HIPC Debt Initiative was set up, many countries have made substantial progress in accessing debt relief. Over 93 per cent of eligible countries (35 out of 39) have passed their decision points, qualifying for IFAD assistance under the HIPC Debt Initiative. Thirty-one countries have reached the completion point – at which they get full and irrevocable debt reduction – and four are in the interim period between the decision and completion points.

At its December 2011 session, the IFAD Executive Board approved debt relief top-ups at completion point for the Democratic Republic of the Congo, Guinea-Bissau and Togo. The Comoros is expected to reach completion point in late 2012 together with Côte d'Ivoire and Guinea.

Our total commitments so far amount to approximately US\$718.0 million of debt service relief in nominal terms. As at 31 December 2011, IFAD has

provided US\$373.1 million in debt relief to the 31 countries that have reached the completion point.

Enabling countries to maintain debt sustainability beyond completion point remains a concern, particularly during the current financial crisis. This highlights the need to implement sound borrowing policies and strengthen their capacity to manage public debt. Multilateral creditors that participate in the HIPC Initiative together monitor the levels of debt relief through the annual survey carried out by the World Bank. We participate in the survey, reporting all debt information as part of our responsibilities under the DSF and in liaison with the World Bank and regional development banks.

During 2011, 22.9 per cent of the total value of approved financing for investment programmes and projects was in the form of grants under the DSF. Nineteen DSF grants were approved, for a total value of US\$216.0 million (Table 7).

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Taking the truck to the weekly market in Molondo – from the book *Nourriture en Afrique/ Food in Africa*, funded by a partnership between World Press Photo and IFAD

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