

# Agents of rural change

## The IFAD story



Investing in rural people







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1974

World Food Conference leads  
to establishment of IFAD

1977

IFAD convenes its first Governing  
Council with 120 countries



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## President's foreword: Agents of rural change

IFAD invests in rural poor people and works exclusively in rural areas, cooperating with partners to drive social and economic transformation that is sustainable and inclusive. The growing concentration of poverty and hunger in the rural space, and the ambitious 2030 Agenda, make IFAD's mandate of rural transformation as crucial today as it was when we were founded 40 years ago. This is especially true in the light of the 2030 Agenda's overarching aim to leave no one behind; because it is the citizens of isolated, underserved, marginalized rural communities who are most at risk.

Some of the biggest challenges we face today are not new – poverty, hunger and inequality, in particular. But in addition, major threats and trends continue to emerge, complicating and exacerbating our task. Climate change, mass migration, forced displacement and population growth are all huge obstacles and constraints to the drive to reduce poverty and hunger to zero by 2030.

In response to the fast-changing environment, IFAD is expanding its role and strengthening its capacity while remaining true to its mission and its values. We put people at the centre of development. Economic growth, if not inclusive, helps the bottom line but not the bottom billion. This is why IFAD's focus – and way of working – is one of its defining characteristics.

We invest in people and their communities. These women and men are disadvantaged, often marginalized and they live in remote areas that are poorly connected and lack infrastructure and services. But rural people are also skilled and resourceful, and – as small producers – they have the potential to make a huge contribution to global food security. Using specific targeting strategies to ensure that we reach the most vulnerable, IFAD works hand in hand with rural people to provide opportunities and sustainable solutions so that they can lift themselves and their families out of hunger and poverty.

Effective sustainable solutions are rooted in IFAD's partnerships with actors from other sectors, including the private sector. IFAD is launching a new fund to generate financing for small farms and businesses, which will bring private sector companies and bilateral organizations together in profit-oriented investment. The Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund (SIF) will source direct financing for projects below the US\$1 million threshold. The main target will be youth, women and girls.

Today rural women and men are no longer forgotten. The 2030 Agenda contains a dedicated target for smallholder agriculture: to double the agricultural productivity and incomes of small-scale food producers. IFAD enters its fifth decade as an honest broker trusted by governments, partners and rural people themselves, a source not only of finance but of knowledge gained through more than a thousand projects mounted over the years.

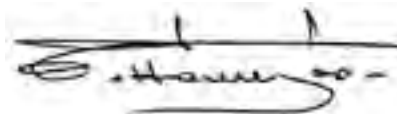


In order to lay the foundations for broader reach and greater impact, IFAD is collaborating with its Member States to design a new financial strategy and new business model for 2019-2021 – the period of the Eleventh Replenishment of IFAD's Resources. We aim to increase the size of our programme of loans and grants, develop innovative financing modalities, and mobilize domestic and international cofinancing. At the same time, the core resources received from our Member States will remain IFAD's foundation: 90 per cent of these ODA resources will be channelled to low and lower income countries and 25-30 per cent will be allocated to countries with fragile situations.

We are also forging ahead with our decentralization programme, because a stable presence in the countries where we work improves project results and strategic interactions with governments and other partners. We are strengthening our regional hubs with a critical mass of human and technical resources that will enable us to deliver faster, better and at a larger scale.

Across every dimension of our work, we are committed to achieving full transparency, which is vital to the 2030 Agenda and to the empowerment of stakeholders and actors at every level. Transparency goes hand in hand with accountability to our donors and partners and to the rural poor people whom we serve, empowering them to participate in the decisions that affect their lives.

Most importantly, as we plan for tomorrow, we are focusing on the young rural women and men to whom the future belongs. In Africa alone, 10 to 12 million young people are entering the job market every year. With the right policies and investments, agriculture can drive economic growth and create decent jobs in rural areas. IFAD is committed to investing in young rural people, building their skills and empowering them to fulfil their potential.



Gilbert F. Hounbo  
President of IFAD

# The mission



Kebba Ceesay gathers sorghum into bundles for transport to market.  
The Gambia: Participatory Integrated-Watershed Management Project  
©IFAD/Nana Koffi Acquah

### A famine sparks a global response

It is 1974. Famines and food crises are killing hundreds of thousands of people in the developing world, while food production has fallen. Declining supplies of fertilizers and pesticides and rising prices are affecting food security. A number of countries face shortages of fuel and power, which undermine farmers' ability to irrigate their fields. Across the developing world, about 25 per cent of people do not have enough to eat.

Against this background, the World Food Conference is convened in Rome in November. One of its main outcomes is a declaration by world leaders that, "An International Fund for Agricultural Development should be established immediately to finance agricultural development projects, primarily for food production in the developing countries."

Three years after the Rome conference, IFAD was up and running – a new kind of organization, an international financial institution exclusively focused on investing in rural areas, as well as a member of the United Nations system. Our work was rooted in a reality stated more than 30 years earlier in the declaration of the 1943 United Nations Conference on Food and Agriculture: "The first cause of malnutrition and hunger is poverty." Yet while IFAD's mission was clear, as an organization with a unique mandate to invest exclusively in rural areas, it had to find its own way to solutions, evolving a people-centred approach in which smallholder farmers themselves would become an integral part of the solution to food insecurity and poverty, bringing their own knowledge and experience to the process of rural development.

...the Fund shall provide financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions...

### Putting the pieces in place

**Training and research.** Lending policies and criteria established in 1978 recognized that poverty alleviation policies and initiatives would not work in a vacuum. We would also need complementary programmes of agrarian reform, training for rural leaders and adaptive research relevant to small farmers. These policies also anticipated the need to understand the dynamics of each society – the specific social and economic context in which poverty exists. In this way, each initiative could be viewed in a broader perspective, holistically, which is still a hallmark of IFAD's vision of rural transformation.

# 1978

IFAD begins operations with  
initial resources of US\$1.05 billion

## Story from the field

# Rebuilding rural economies in Bosnia and Herzegovina

A devastating war accompanying the breakup of Yugoslavia left the economy of Bosnia and Herzegovina in tatters. Almost half of the country's population was displaced. The 1995 peace agreement brought an end to the conflict, which in addition to loss of life had decimated between 70 and 80 per cent of livestock.



Vinka Damianovic, a dairy farmer in Branjski village, took part in a recent project and increased milk production by over 20 per cent. Bosnia and Herzegovina: Rural Enterprise Enhancement Project

© IFAD/Paolo Marchetti

As agriculture is one of the most important sectors of the economy, there was an urgent need to restore farms and restock herds in the immediate aftermath of the conflict, to encourage internal refugees and people who had fled to other parts of Europe to return to their land and rebuild their lives and communities.

In October 1995, the new country's government asked IFAD to help rehabilitate the agricultural sector. IFAD provided a loan and a grant totalling US\$7.3 million for an innovative project that provided farmers with livestock, machinery, veterinary support and other incentives. It also established a unique structure for loans and repayments.

Pregnant cows were purchased from the alpine regions of Western Europe and trucked into the country. Farmers could buy a cow at a low interest rate of 2 per cent a year and repay the loan with money they earned from selling milk. Alternatively, they could provide a replacement cow, which would go into the country's stock for others to buy.

The project benefitted 4,300 households and gave a rapid boost to agricultural production, improved food security and provided employment opportunities for those returning to rural areas. It was the first of seven IFAD-funded projects in the country.

Today, IFAD supports the government's priority of helping people transition from non-commercial farming to sustainable commercial enterprises. Ljuba Radic is one farmer who benefitted from the Livestock and Rural Finance Development Project. Like many other refugees, she had to leave her home town and move to Nevesinje. In Nevesinje she joined the producers' association supported by the project, which also gave her training and credit to purchase three cows, covered half the cost of a milking machine, and gave her the communal lactofreezer to operate and maintain.

She had to work hard to build a successful business, however, and to fight for equal status as a woman within the community. She inspired others and began training local women and encouraging them to take initiative. She also understands the potential of rural areas to provide modern livelihoods. She drives a tractor, a truck and a car, and sees the benefits of computer technology for a small business. "I want to help modernize rural living by keeping in touch with new trends and technologies," she says.

**Taking charge.** At the beginning of IFAD operations, other agencies were formulating and supervising the projects funded by IFAD, and they were not primarily focused on rural poverty eradication. Beginning in 1979, we undertook missions to define our strategy for designing and financing projects aimed at reducing rural poverty and improving food security among the poorest people. In so doing, we began taking over the design of our own initiatives. By the 1980s, we systematically incorporated lessons about rural poverty into our interventions, laying the foundation for work that continues today.

**Participation of poor rural farmers.** IFAD needed to understand the constraints faced by poor farmers before we could address them. IFAD wanted to make rural people partners in their own development. Grass-roots field work with farmers supported our learning orientation, and remains key to IFAD's approach up to the present.

...By directly targeting women, we learned that even the most destitute of rural women, far from being passive victims, were often the prime movers in the development process and vital agents of change...

**Women.** Early on, IFAD understood the importance of women farmers. Despite their responsibility for household food security and their store of agricultural knowledge, women were very disadvantaged in terms of rights and access. By directly targeting women, we learned that even the most destitute of rural women, far from being passive victims, were often the prime movers in the development process and vital agents of change. This encouraged IFAD to make the link between eradication of hunger and malnutrition and the socioeconomic development of women.

**Partnership.** IFAD was founded through an alliance of the Organization of the Petroleum Exporting Countries, the member states of the Organisation for Economic Co-operation and Development, and developing countries. As a result, partnership is in our DNA. From the early days we collaborated with like-minded entities pursuing compatible goals. This included small non-governmental groups that helped implement projects in communities – more than 300 such partners in IFAD's first 20 years.

We also began our collaboration with partners such as the International Food Policy Research Institute (IFPRI), and the Grameen Bank, for which IFAD provided the first loans, helping to fund credit schemes for landless people as early as 1980. As a scaling up report on IFAD by the Brookings Institution would later find, these loans “were a significant factor allowing the Grameen Bank to take off.” Later, as official development assistance (ODA) declined and private investment in developing countries began to surge, IFAD was developing instruments for collaboration with the private sector.

# 1979

60 missions undertaken  
to build the project pipeline



## Spotlight

# An innovative approach for conserving biodiversity in India

North-east India is one of India's poorest, yet most biodiverse, areas. This natural wealth is threatened by population growth and the over-exploitation of natural resources. Furthermore, much biodiversity exists in unclassified forest areas that are not protected by formal legislation.

The North Eastern Region Community Resource Management Project (NERCORMP), started in 1997, aimed to protect the area's rich natural resources while improving the livelihoods of vulnerable people. It promoted the innovative "community conservation area" approach, which builds on the communities' rich heritage and cultural traditions that have kept natural resources intact over centuries. For example, the Meghalaya region where the project operates has over 79 sacred groves that have remained almost undisturbed for centuries due to strict cultural taboos and religious beliefs. These forests provide the surrounding communities with medicinal plants and play an important role in water and soil conservation. The project found that it is often more efficient to build on the community's own ancient conservation practices rather than rely solely on formal legislation, which is difficult to enforce and may be seen as externally driven.

The project worked with communities to set up over 1,500 natural resource management groups, made up of equal numbers of women and men. They decide on community development objectives and draw up plans for managing natural resources in line with their own priorities and culture.

The groups have sustainably managed *jhum* – a type of slash and burn agriculture based on shifting cultivation – which had been eroding forests. The project gave people alternative livelihoods to reduce their dependency on *jhum*. It also helped communities make *jhum* land more productive by promoting agro-forestry and perennial horticulture crops, and by building community forestry reserves.

Improving people's livelihoods and preserving natural resources need not conflict. The project supports training in sustainable agricultural practices, livelihoods based on ecotourism, sale of non-timber forest products such as honey and medicinal plants, and the revival of local crafts such as wood carving. Furthermore, it helps communities market their products. The project has set up self-help groups that give women access to micro-credit.

The project has resulted in greater gender equality, higher incomes, increased food security, the expansion of forests, better managed natural resources and more available water. The third phase of NERCORMP was launched in 2014, and the government is also using NERCORMP's community-based approaches more widely in non-project areas.

# 1980

An IFAD loan helps launch  
the Grameen Bank

## A growing field

Our mandate to help rural poor people emerge from poverty is unchanged, but IFAD is no longer alone in championing their cause. Today, it is widely understood that rural areas must play a vital role in feeding growing urban populations and achieving sustainable development.

The Sustainable Development Goals (SDGs) call for doubling the agricultural productivity and incomes of small-scale farmers by 2030. They align well with strategies that IFAD has long promoted and used: achieving secure and equal access to land, other productive resources and inputs, as well as to knowledge, financial services, markets and non-farm employment.

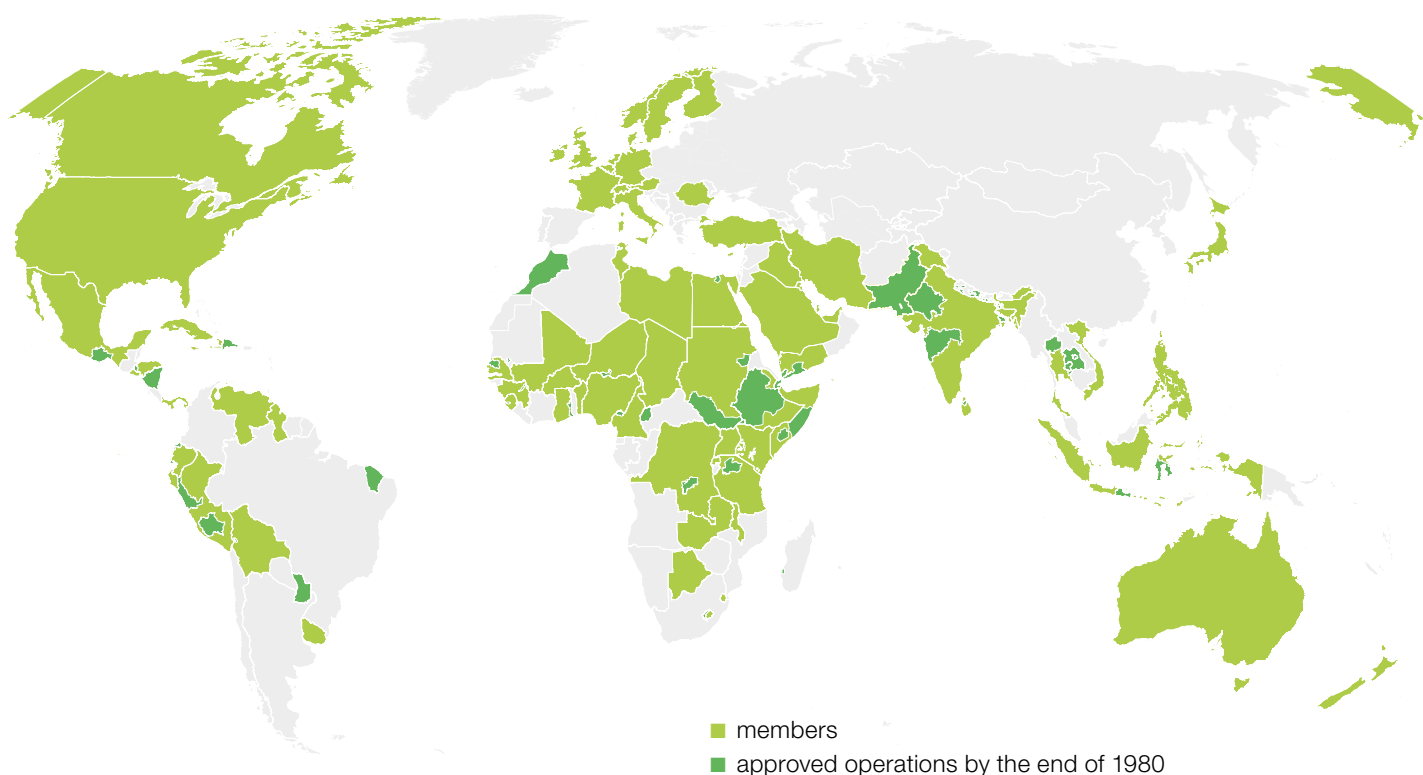
## Responding to new challenges and opportunities

IFAD's first four decades were a period of tremendous scientific, technological and societal change. The globe has shrunk, thanks not only to the expansion of traditional infrastructure such as roads, but also of technology. Access to technology is key to enabling rural people to thrive in the twenty-first century.

Farmers and rural entrepreneurs can now download market prices on their cell phones, access mobile banking and financial services, and use computers to obtain knowledge and learn about innovations and solutions. Millions of women and men have improved their livelihoods with the help of micro loans. Women have always made up a large proportion of the participants in IFAD's projects, but now increasingly play a leading role, running farmers' associations and negotiating with buyers.

IFAD continues to evolve, helping rural communities adapt to developments that present both threats and opportunities. The task now is to use the knowledge fine-tuned over the past four decades as well as to take advantage of new technology and innovation not just to help people increase their income, but to revitalize entire communities through processes that create a sustainable future – a sustainable rural transformation.

## IFAD Member States in 1977



# It's about people



Local farmers display their produce at the Sunday market in Meo Vac.  
Viet Nam: Ha Giang Development Project for Ethnic Minorities  
© IFAD/Alexandra Bouliat



At the heart of IFAD's story are poor rural people in developing countries. From the beginning, our mandate to help these women and men improve their incomes and food security has required us to work in remote areas where few other development agencies will venture. As a result, IFAD has brought investment to communities that have largely been invisible.

### Catalyst for change

Often IFAD is the only institution operating in remote rural areas. Therefore, an IFAD project not only can bring development to communities that have not previously benefitted, but also acts as a catalyst to embolden others – partner institutions, the private sector – to invest as well. IFAD works to help subsistence farms become viable small businesses – for the benefit of the farming communities themselves and to satisfy the world's growing demand for food.

Thus IFAD is nurturing a rural transformation, although it will not happen overnight. We have long helped farmers to improve their crop and livestock production practices, but increasing productivity is just the beginning. Along with resources and inputs like land and seeds, roads, markets, and processing and storage facilities, small farmers need literacy and numeracy, management and negotiation skills, market and price information and access to finance. And they need an enabling environment, including government policies that help them succeed.

Developing methods to instil skills and share information on a broad scale takes patience and experimentation. It requires commitment for the long term, and IFAD's partnerships with Member States have been enduring and productive.

IFAD's people-centred strategy also helps rural women and men build strong producer organizations. Such organizations are crucial for several reasons. They enable farmers to access finance, extension services and technology, and build capacity in an inclusive manner. They make it possible for thousands of small farmers to aggregate their produce so they can work with private sector operators and access markets. Working with a group also raises farmers' bargaining power and their ability to influence the policies that affect their lives.

IFAD projects target the most vulnerable and marginalized members of rural communities, including women, youth and indigenous peoples. These groups often face particular barriers, ranging from insecure rights of access to land and other resources to a lack of assets or legal status, and unequal opportunities to take advantage of training and education. IFAD has always sought to ensure that projects – in the words of the 2030 Agenda – “leave no one behind”.

# 1981

30 new projects approved,  
making a total of 89

## Spotlight

# Niger: Making smallholder farming sustainable

IFAD's work in Niger is an example of persistence leading to success and sustainability. In spite of an extremely challenging context, IFAD's support has boosted food security and incomes in rural households and helped to "re-green" the Sahel.

Niger is one of the poorest countries in the world. Over the past several decades, it has faced recurrent drought, erratic rainfall, desertification, land degradation, social unrest, armed conflict, and political and institutional crises. It has consistently had one of the highest population growth rates in the world, 4 per cent annually. People trying to get ahead in Niger face high barriers, including gender inequality, insecure access to land, poor water management, and food and nutrition insecurity.

IFAD's partnership with Niger began in 1980. Our approach is to maintain a loan portfolio consistent with national priorities and the needs of poor people; emphasize innovations made possible by the linkage of projects, research institutions and target groups; and build partnerships with a variety of multilateral institutions.

Building on family farming as a driver of development and the key to food security, IFAD has supported 12 projects over the years, three of which are ongoing. We have helped smallholders diversify and intensify their production, assisted in reclaiming degraded land, increased access to financial services and social services, and strengthened capacities of communities and organizations.

Livelihoods are precarious on the edge of the Sahara. But through a new type of food bank poor farmers gained access to cereal grains to deal with seasonal or unexpected food shortages. These *soudure* (pre-harvest) banks lend food to farmers during the planting period to help them get through the "hunger season" preceding the harvest or to deal with other food shortages. Poor farmers receive cereal as a credit and pay back the loan not with money, but with cereals, once their own crops are harvested. They add 25 per cent interest (a percentage chosen by villagers) to replace the stock and cover storage and maintenance. While the interest rate may seem high, usurers charge from 200 to 300 per cent.

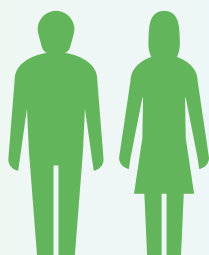
IFAD has also supported assisted natural regeneration (ANR) in Niger since the 1990s. Using this technique, farmers protect trees and shrubs in their fields and manage their re-growth, an important tool in the fight against desertification. One initiative introduced ANR techniques on over 71,000 hectares of family farms, and yields increased by around 30 per cent. Including support for ANR by other actors, it is estimated this approach enabled the "regreening" of 5 million hectares in Niger between 1975 and 2005.

# 1982

In its first five years IFAD has provided financing to 80 countries

## Indigenous people

370 million  
indigenous people



today  
in the world



### Empowering indigenous peoples to pursue their own goals

Indigenous peoples make up less than 5 per cent of the global population, but 15 per cent of poor people. In some areas, the poverty gap is increasing. To improve their situation, indigenous peoples need ways to pursue goals that they themselves value. To that end, the Indigenous People's Assistance Facility (IPAF) provides grants of up to US\$50,000 for small projects that build on their culture, identity, knowledge, natural resources, intellectual property and human rights.

Among other priorities, projects have supported sustainable agricultural practices, empowered women, protected and patented intellectual property rights, boosted disaster and climate change risk management, and improved health services by integrating traditional knowledge systems. To date, IPAF has awarded US\$3.6 million. IPAF will award US\$1.5 million in its next cycle, with a focus on youth. The IPAF partner in Africa will be the Samburu Women Trust, enhancing leadership of indigenous women in the IPAF.

IPAF is governed by a board made up of four members of indigenous peoples' institutions from Africa, East Asia and the Pacific, Latin America and the Caribbean, and South-East Asia; one member from IFAD; and one member from the United Nations Permanent Forum on Indigenous Issues. In 2011, the Facility was decentralized at the regional level, with indigenous peoples' organizations in Latin America and the Caribbean, Asia and Africa taking on management roles.

### Peru: Scaling up through community involvement

IFAD began working on agricultural and rural development in poor areas of the Peruvian Andes in the 1980s. Our work was based on the idea – novel at that time – that local people should lead rural development. IFAD provided a vision of community-driven development, an external catalyst and finance, and the government also provided its commitment and funding.

Starting in 1993, the programme encouraged people in rural communities to organize themselves and submit investment projects addressing the needs affecting their communities. People came up with ideas for small businesses related to agriculture and tourism. Communities created project selection committees that evaluated proposals and chose which ones to finance. A competition was thus established among communities, and winners were selected in a public process. The project provided technical assistance on request to help prepare and supervise the proposals. Communities shared in the costs.

Another innovation has been the development of rural markets for technical assistance through peer-to-peer technical services. *Talentos locales* are paid to provide services to other smallholder farmers and micro-entrepreneurs.

These methodologies have now spread not only across Peru, but also to other countries and continents.

## Targeting nutrition

Improving the livelihoods of the rural poor is at the heart of IFAD's work, and maximizing agriculture's contribution to improving nutrition is an essential part of that mission. Malnutrition stunts children's development, impacts adults' earning power, and costs governments billions of dollars in both costs and economic losses. Good nutrition is thus more than an outcome of economic growth and social development: it is an essential input as well.

But while the importance of nutrition to development is well-known, the role of agriculture in improving nutrition has not always been appreciated.

Since 2013, IFAD has undertaken a nutrition-sensitive approach to project design and is mainstreaming nutrition across its portfolio. From 2013 to 2015, the share of approved projects defined as nutrition-sensitive rose from 8 to 33 per cent.

In the field, IFAD-funded projects support nutrition in many different ways. In Bangladesh, for example, IFAD partnered with WorldFish to increase the breeding and consumption of a small nutrient-rich fish. Meanwhile, in Senegal, the Agricultural Value Chains Support Project encourages people to grow, eat and sell local crops – such as sesame, cowpeas, maize and millet – rather than consuming imported grains such as rice. In both cases, family incomes rose in addition to the nutritional benefits.

To address today's nutrition and food security challenges, there is a need to improve how food is produced, processed, distributed, marketed and delivered to consumers. IFAD recently carried out a set of studies to determine how to design nutrition-sensitive value chain projects for smallholders. Such projects seek to shape the development of value chains for nutritious commodities so that they are more likely to address nutrition problems. These projects increase the availability and affordability of nutritious foods and promote their consumption. They provide extension services, nutrition education and behavioural change communications, improve efficiency of market links and processing, increase the incomes of women and men, reduce food losses and increase food safety. In these ways they also improve nutritional outcomes, largely through improved diets.

IFAD's most important partners are rural people themselves. We work to enable marginalized groups to take charge of their own development and advocate for themselves. The Farmers' Forum, established in 2005, linked smallholder farmer and rural producers' organizations from all over the world with IFAD and our Member States, providing a tool for building their capacity and engaging in policy dialogue.

...Improving the livelihoods of the rural poor is at the heart of IFAD's work, and maximizing agriculture's contribution to improving nutrition is an essential part of that mission...

Another example of involving people in their own development is the Indigenous Peoples' Forum, established in 2013. The forum is a vehicle for consultation and dialogue with indigenous peoples, who are disproportionately poor, but who play an important role as stewards of biodiversity and cultural heritage. Since 2003, around 22 per cent of our funded projects have supported initiatives for indigenous peoples. The Forum promotes greater participation of indigenous peoples' organizations in IFAD's activities, and supports IFAD's efforts to translate its policy on indigenous peoples into action on the ground.

1984

Belgian Survival Fund Joint Programme established

## Story from the field

# Small fish make a big difference in Bangladesh

In Bangladesh, an estimated 20 million people suffer deficiencies in vitamins and micronutrients. This is partly because they depend on rice, which is low in micronutrients. Malnutrition is particularly severe in northern Bangladesh, a poverty-stricken region with poor infrastructure that is inundated for six months every year.

IFAD financed a project to promote the eating of indigenous small fish, which are extremely rich in micronutrients. The *mola*, which is no more than 8 centimetres long, contains plenty of calcium, vitamin A, iron and zinc. Eating *mola* can be a cost-effective way for vulnerable people to increase their intake of micronutrients, which are more easily absorbed from fish than plant-based foods.



Women sort fish to sell at the market in Gajaria, Bangladesh: Sunamganj Community-Based Resource Management Project ©IFAD/GMB Akash

The IFAD-supported Small Fish and Nutrition Project was implemented by WorldFish, an international, non-profit research organization and member of the CGIAR consortium. About 250 farmers, 150 of them women, were trained to cultivate *mola* sustainably. They then spread the message to others in the community, and today, 2,000 farmers in the area stock *mola* in their ponds.

The farmers had always raised larger fish such as carp, rejecting the small indigenous fish as by-catch that was too small to be profitable. When people did eat the small fish, they cut off the heads, inadvertently throwing away important nutrients.

Khadiza Kobra and her husband are two farmers who benefited from the project. “Before, we used to wash the fish a lot and cut their heads off. Now we wash them less and eat them whole,” she said.

The project provided nutrition education, including lessons on how to prepare the fish. A main objective was to improve nutrition among children aged 6 months to 2 years. *Mola* has a mild flavour that young children like, and it is fed to them in a powder developed by the project.

The small fish have made a big difference to the children’s lives. Stunting in the project area has dropped by 15 percentage points, from 56 per cent of children to 41 per cent. Khadiza has noticed these improvements in her youngest daughter’s health, which she attributes to the addition of *mola* to the family’s diet.

“I see my younger daughter is more talkative than her sister,” Khadiza says. “She’s more energetic and has more appetite. My elder daughter is weaker and more prone to illness.”

Researchers have estimated that raising *mola* in the country’s 4 million small, seasonal ponds could meet the annual recommended intake of vitamin A for more than 6 million children. A nutritious fish chutney was also developed for pregnant and breast-feeding women.

And small fish are turning out to be profitable after all – families now sell the fish that they do not eat themselves. Fish production in the project area more than doubled, and annual income from fish production in ponds increased by an average of Tk16,000 (about US\$207) per household.

This is a prime example of a successful innovation that is ripe for scaling up. In fact, the Government of Bangladesh is expanding the project to other parts of the country, and a grant supported by IFAD and the European Commission (EC) will be used to strengthen the production of small fish throughout Asia and Africa.



## Story from the field

# Stronger markets for local crops transform Senegal's rural economy

Farmer Coumba Ndoffen Sene used to struggle to feed his family, but now he can pay his children's school fees and buy them new clothes. He has also started a business raising chickens.

Sene, who lives in the village of Niakhar in western Senegal, took part in the IFAD-funded Agricultural Value Chains Support Project. One of the aims of the project is to boost the local agriculture sector by encouraging people to grow, eat and sell local crops rather than consuming imported grains like rice. By changing the way people think about food and enabling them to access markets, the project has helped transform the communities in which it works.



Farmer Coumba Ndoffen Sene took training to improve his yields and boost the family income  
Senegal: Agricultural Value Chains Support Project  
© IFAD/Horaci Garcia Marti

Sene was one of almost 9,000 farmers who received training in improved agricultural practices that produce higher yields and better-quality harvests.

“Our production has more than doubled, almost tripled,” he says. “Before we couldn't even get one ton of millet. But now we produce two or three tons per year. And this is more than we can eat in a single year, so we sell the surplus to pay for other things we need.”

With project support, producer organizations brokered contracts with buyers. Transaction costs on sales of millet, sesame, cowpeas and maize fell substantially, increasing profits. They also built a new warehouse to store their crops so they can sell when the prices are right. Small producers now earn more, and consume and sell more locally grown products, and the region is becoming less dependent on imports.

The hungry season – when family stores begin to run out and people have insufficient food to meet their daily needs – has been shortened from six months to under a month. More than 5,000 previously unemployed people now have jobs, and 250,000 people have learned to grow, eat and sell local foods.

Women are fully involved in agricultural production, processing and marketing activities and have better access to land. Over 800 women – and chefs in local hotels – have learned to cook with locally grown crops, many of which are more nutritious than imported products such as rice.

With the newly available local crops, women are also starting new businesses, packaging products like baby porridge to be sold locally and nationally. In recognition of these achievements, the project won a 2015 IFAD Gender Award, highlighting its best practices in women's empowerment.

Many restaurants in the project area now offer only locally grown food. Restaurant manager Aissatou Cisse sees this trend as the future for the country.

“Our economy cannot grow if we keep importing,” she says. “We need to consume what's produced here in Senegal.”

Cisse won the 2015 President of Senegal Award for innovation.



Marta Yat Chipek packs green beans for export in the collection centre of the Agrisem Cooperative in Cholá, Uspantán  
©IFAD/Andrew Esteban/Panos

### Young people: the heart of our story

No group of people is more important to IFAD's story than the next generation. Over the coming decade, an estimated 600 million young people in developing countries will be competing for around 200 million jobs.

Feeding ever-increasing urbanized populations will require an enormous increase in food production, and that will create opportunities that will demand the energy and creativity of young people. But that means ensuring rural economies provide diverse employment options, where they can see a future for themselves. Without such opportunities, young people will continue to abandon agriculture and rural areas, swelling overcrowded cities or emigrating abroad, where they face an uncertain future.

That does not have to be the case. Nigeria's Niger Delta is one example where development proved a game-changer for rural youth. The area had long been plagued by violence, but IFAD established a project to train young people there to become entrepreneurs. These young men and women learned that fish farming and vegetable production can be lucrative businesses. Today, these young "agripreneurs" are role models, contributing to the stability, wealth and nutrition of their communities.

Too often, though, young people are marginalized and excluded from decent employment and from crucial decisions about how to address the big challenges facing their communities, nations, and indeed the world. The sheer numbers of young people reaching working age represent a potential "demographic dividend" – but only if measures are taken to provide the opportunities they need.

Investments in rural transformation are needed so young people have the freedom to choose their livelihood options and so that they can see farming as a viable, modern occupation. This must include upgrading rural education and training systems, facilitating youth participation in decision-making and planning at all levels, making technology available, and improving access to credit.

In a 2014 global survey, more than 70 per cent of young farmers said that access to finance was the biggest obstacle they faced. IFAD is planning to launch an investment finance fund to facilitate medium-to-long term financing of agri-food small and medium enterprises and producers' organizations. It will include a particular focus on promoting youth agripreneurship and financial inclusion, and create a channel for other partners to provide funding as well.

# Small farms mean business



Workers peel and package cashew nuts.  
Brazil: Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East  
© IFAD/Ubirajara Machado/MDA



There are half a billion small farms in the world. In fact, with some regional differences, most farms are small across countries at all stages of development. Family farming on small plots of land continues to play a vital role in global food security.

In many people's minds, small farms are synonymous with subsistence agriculture, where food is grown to eat and not to sell. However, smallholdings can be profitable businesses. Developing countries such as Thailand and Viet Nam have built their thriving economies on small farms. Indeed, small farms also predominate in richer countries like Japan, Republic of Korea, Norway and Switzerland.

Another surprising fact: small farms are often more productive and more efficient than larger farms. For example, small farms in China occupy 10 per cent of the world's agricultural land and produce 20 per cent of its food. In Viet Nam, which was the world's fourth largest rice exporter in 2015, over 60 per cent of rice farms are less than 2 hectares. Yet these farms make a huge contribution to the country's production of this staple grain.

IFAD has always recognized the power of small family farms to transform rural communities. Treating small farms as businesses is key to unlocking the potential of this sector. This means recognizing that smallholder farmers need what other businesses need – access to credit, inputs and services; infrastructure such as roads and markets; knowledge and skills; and secure access to resources like land and water.

Poor rural people, however, often lack many or all of these essentials. Smallholder farmers and other rural enterprises need help to fill in the gaps in order to succeed as profitable businesses. This, in turn, requires investment and empowerment, and that is what IFAD does.

The adoption of the 2030 Agenda was a watershed moment for IFAD and its support for rural transformation. The 17 Sustainable Development Goals promise nothing less than to end poverty, hunger and undernutrition. Achieving these ambitious goals requires collective economic, social and environmental actions, particularly in the rural space.

Assisting poor farmers to improve their livelihoods is key to reducing poverty – particularly in rural areas – and to increasing food security in rural and urban areas alike. It improves the lives of farmers and their families, invigorates communities, and drives national economic growth.

People who take part in IFAD-supported projects benefit in a variety of ways: they gain new skills, get access to new technologies, join cooperatives or farmer organizations, increase their self-esteem and social status, learn how to run a business and strengthen connections to markets.

# 1985

Launch of the Special Programme for  
Sub-Saharan African Countries Affected  
by Drought and Desertification

## Spotlight

# Feeding Latin America: Small farms and South-South cooperation

Just 20 years ago, family farmers were at the bottom of the agricultural hierarchy in Latin America and the Caribbean. Public policy ignored family farming, despite its importance to food security and household income. Government policies aimed to improve the productivity of big agribusinesses, while small-scale farmers were treated mostly as recipients of social assistance.

Today, the picture is different. Family farmers are viewed as entrepreneurs who improve national food security, rather than as poor individuals who drain away resources. Small farms make up around 80 per cent of farms in the region and employ about 60 million people. They produce a major portion of the region's food – from a quarter of the food consumed in Chile to two-thirds in Nicaragua. Public budget allocations to family farming have increased dramatically. The proportion of undernourished people in the region has fallen by almost two-thirds – from 15 per cent in 1990-1992 to less than 6 per cent in 2014-2016.

IFAD has been a major supporter of the countries in the Mercado Comun del Sur (Common Market of the South). We started working with Mercosur in 2000, fostering and strengthening knowledge exchange and policy dialogue on family farming among the member countries – Argentina, Bolivia, Brazil, Paraguay, Uruguay and the Bolivarian Republic of Venezuela (full members) and Chile and Ecuador (associated members).

We also helped set up the Specialized Meeting on Family Farming (REAF) in 2004. This works to strengthen policies on family farming in the member countries and facilitate trade in the products the farms produce.

One of the first steps of the Mercosur programme was to establish a Regional Coordination Unit to tackle the root causes of rural poverty, develop family farming as a tool of rural and agricultural development, and give farmers an equal voice in policy dialogue by strengthening their organizations.

Among the innovations that have emerged from the Mercosur programme and REAF are national farming registries in each country. They have made possible a single social tax for farming in Argentina and preferential access to social security in Uruguay. Registered family farmers have lower tax rates and easier access to health care and social welfare benefits.

The Mercosur programme and REAF have also supported initiatives that train young rural leaders and another that promotes gender equity in family farming. In Argentina, Brazil and Uruguay the public purchase of land led to adoption of new regulations requiring state institutions to redistribute land to family farmers under different tenure arrangements.

# 1989

A new generation of research grants on environmentally sound smallholder development launched

## Smallholder farms



500 million  
smallholder farms

support  
2.5 billion  
people

produce up to  
80%  
of food  
in developing countries

In Mozambique, an IFAD-supported initiative is helping farmers learn to think like business people, while also teaching them ways to boost their productivity and helping them improve literacy and numeracy skills. Farmer Isaltina Ali Trigo learnt how to read and write and keep accounts. She was then elected president of her farmers' association. She now uses her new skills to cut deals with buyers and seed suppliers, and is sharing her knowledge with other farmers in training classes.

### Rural finance

For subsistence farms to become small businesses, they must be able to produce a surplus to sell. In addition to skills and infrastructure, increasing output and diversifying production also requires money – but access to financing is extremely difficult for smallholders.

The impediments include informal legal status, lack of collateral and credit history, physical distance from banks, lack of business training and financial literacy, irregular income and the plain fact that appropriate financial products are not available. Traditional roles and discrimination against women and young people make it even harder for these groups to access financial services.

Support for institutions that provide financial services specifically to small farmers is a key strand of many IFAD-funded projects. We are one of the largest supporters of rural and agricultural microfinance for poverty reduction, investing more than US\$3 billion in rural finance initiatives.

...We are one of the largest supporters of rural and agricultural microfinance for poverty reduction, investing more than US\$3 billion in rural finance initiatives...

In Ethiopia, IFAD has been strengthening financial services in rural areas since 2001, making credit available and enabling poor people to invest in their farms and businesses and to escape the grip of money lenders. The first programme made finance available to 3 million households across the country. A second phase aims to reach 7 million families by 2019 and has a strong emphasis on serving women. The focus is on building the capacity of institutions and improving their regulation and supervision so that potential clients will trust them. A credit line from the programme helps to reduce liquidity gaps.

In Sudan, IFAD-funded projects support three microfinance models: the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI), community-owned apex institutions, and savings and credit groups. In the Greater Kordofan, Sennar and Butana regions, 36,000 people have joined nearly 2,000 new savings and credit groups. In Azerbaijan, IFAD has partnered with two financing institutions that extended more than 2,600 group loans to more than 10,300 borrowers, 68 per cent of whom were women.

### Fostering youth entrepreneurship

In the Near East and North Africa region, about 30 per cent of the youth labour force are without work, the highest rate of any region in the world. Many young people in the region have already become entrepreneurs out of necessity. Yet even as they try to create their own opportunities, they face another problem: lack of access to affordable financial services. Without funds or financial education, they will continue to have the odds stacked against them.

Without opportunity, young people will continue to migrate from rural areas and out of agriculture, which would have major implications for both food security and political stability. IFAD is working with two social enterprises, Making Cents International and Silatech. Both work on developing economic and employment opportunities, with the latter focusing specifically on Arab youth. The three organizations are pooling their collective know-how through IFAD's Rural Youth Economic Empowerment Programme (RYEEP), which aims to help 18,000 rural young people aged 15 to 35 to create employment opportunities. Initiatives are being tested in several pilot countries. For example, in Tunisia, a mobile phone application will help young rural shopkeepers create a transaction and credit history that can be used to access trade finance from suppliers. In Egypt, informal savings groups – already popular throughout the region – will be modified to meet the needs of rural young people and will be combined with non-financial services, such as business management training.

One year into the programme, there were already notable successes. In rural areas of Egypt, for example, almost 8,000 young people had joined the newly launched youth savings groups, through which they received coaching in entrepreneurship and financial management.

In Bangladesh, IFAD and the Palli Karma Sahayek Foundation established the Microfinance for Marginal and Small Farmers Project, which aimed to establish a sustainable credit system for the farming community. In addition to microfinance services, the project provided training to help farmers upgrade their practices, diversify their crops and improve their animal husbandry. When completed in 2010, the project had loaned more than US\$156 million to over 208,800 microfinance clients. The initiative was so successful that it was scaled up into a national programme, funded and replicated by the Foundation and its partner organizations.

### Connecting small farmers to markets and value chains

IFAD is increasingly using the value chain approach to enable farmers to build their businesses. A value chain is made up of enterprises that add value along the range of activities, "from farm to fork". Over 70 per cent of newly designed projects in the past three to four years have a value chain component or approach.

IFAD builds small-scale producers' ability to connect to value chains so they can capture a greater share of the profits along the chain. This includes helping farmers to improve and increase their products by enhancing quality and quantity. We also help them develop more efficient means of production, organize producer groups and gain better access to market information.

The value chain approach is growing rapidly in IFAD's work. Some projects link small farmers to supermarkets, exporters or large processing units. But most such initiatives link farmers with new and emerging value chains, reflecting the rapidly changing face of global food systems. The value chain approach also encourages stronger links between farmer organizations and the private sector.

A recent IFAD-supported project in Rwanda worked on improving production efficiency. IFAD collaborated with the Rwanda National Agricultural Export Board to upgrade the value chain for horticultural crops. Open-air drying of chillis was slow and caused excessive spoilage, so the project provided technical and financial assistance to the exporter to install solar dryers near the farmers' fields, thus improving the quality and quantity of the dried chillis. This meant that farmers could sell more of them to the exporter at a higher than average price.

## Story from the field

# Improving food security and building livelihoods in Bolivia

Juana Huarachi is a llama herder and agronomist from the poor rural community of Curahuara de Carangas, Oruro in western Bolivia. Coming from a farming community, she knew many Bolivians considered llama meat as “food for the poor”. An entrepreneur by nature, Huarachi decided to try to change those perceptions. She and her sister set up a small butcher shop in La Paz and processed llama meat in the same way as beef. They bought a large refrigerator and good quality tools. They made sure their shop and workspace were clean and followed hygiene guidelines.

In the end, Huarachi and her sister were forced to close shop. She returned to Curahuara de Carangas with the aim of organizing people, making them aware of the value of llama meat and the importance of good production processes. She and her sister began raising llamas and selling meat and sausages. Eight other women joined them, and together they formed the La Llamita cooperative. La Llamita began to receive support through the IFAD-funded Camelids Community Grant and the Support for the Enhancement of the Peasant Camelid Economy Project (VALE).

Project staff worked with La Llamita and other cooperatives in the *sayañas* (family plots where farmers live and breed animals) to improve llama-rearing and meat-processing techniques, ensuring that the quality of the final product was up to market standards. The participatory approach allowed the local people to see how their ideas could improve productivity, and created trust and loyalty.

According to Huarachi, support from the IFAD-funded project helped them to improve and boost their overall production process. To refine their techniques and make businesses profitable, the owners of the *sayañas* regularly met with technicians. At the meetings, they voiced questions and doubts, and made suggestions.

Farmers began to organize and plan their activities. Now Huarachi and her cooperative don't just produce meat, but also use the wool fibre to create hats, mattresses and other products.

Although business was good for a while, the quality of the meat they sold did not satisfy the standards of hotels and restaurants. This was mainly because of the poor quality of the *faenado* – the slaughter method – and the poor meat processing techniques used by the slaughter house they partnered with.



Herder Ambrosio Bautista Escalera with his alpacas in the municipality of Cocapata. Bolivia: Enhancement of the Peasant Camelid Economy Support Project ©IFAD/Cristóbal Corral



### Fruitful investments stimulate growth in rural Armenia

Close to Yerevan, the capital of Armenia, the company SIS Natural has been producing a variety of fruit juices since 2000. In 2012, it received an equity investment and a subordinated loan from an IFAD-funded programme to buy technology for hygienic bottling and to invest in specialized training for staff.

Through the Fund for Rural Economic Development in Armenia (FREDA), IFAD provides equity investments and subordinated loans to help stimulate economic growth and improve the performance of agricultural value chains. In addition to SIS Natural, FREDA has invested in a winery, fish farming, sheep and poultry production, and a milk-processing plant, among other initiatives. The number of people employed by the FREDA investee companies has increased by 35 per cent, the value of purchases from rural suppliers has risen by 560 per cent, and households selling to the companies have seen a 53 per cent increase in income from sales.

A leader in the local market, SIS Natural buys more than 20 types of fruit and vegetables from producers. In 2012, after the investment enhanced its production and marketing capacity, the company bought 1,100 tons of fresh fruit – nearly triple the amount purchased directly from smallholders in the previous year.

SIS Natural's investment in new equipment for the production of juice concentrate has created additional demand, enabling farmers to further invest in improving cultivation and expanding the area of cultivated land. This has increased household incomes still further.

### Strengthening links with the private sector

Public-private partnerships are a big topic in development these days. Farmers have always been part of the private sector, but they have lacked connections to the inputs, services and knowledge they need to take advantage of business opportunities and work with bigger private-sector companies.

IFAD-supported projects help small farmers make those connections. Indeed, to strengthen the position of farmers, IFAD has begun promoting public-private-producer-partnerships. Such "4P" partnerships encourage agripreneurship by linking smallholders to secure markets, as well as promoting access to technology, services, innovation and knowledge. As in Armenia (see box), the private sector gains from a 4P approach by having access to reliable supply, and spreading risk across a large number of small farms.

As a catalyst and trusted broker, IFAD brings the various players together in ways that are mutually beneficial and inclusive. In Fiji, for example, women producers of coconut oil knew that organic markets would pay higher prices, but the cost of organic certification was prohibitive. Through an initiative supported by IFAD, they are now certifying themselves. This farmer-to-farmer certification system, called the Participatory Guarantee System, allows the farmers as a group to self-certify their crops, implementing the same soil testing and documentation procedures required by the organic certification system. The women are now selling their certified organic coconut oil to Sofitel spas and to markets in the Republic of Korea.

Capacity building and institutional development are also important at the regional level. One example is our Support to Farmers' Organizations in Africa Programme. In addition to strengthening institutional capacities, the programme helps organizations integrate smallholder farmers into value chains. The initiative also works to give them a greater say in agricultural policies and programmes.

1990

Domestic contributions  
rise by 362%

## Laying the foundations

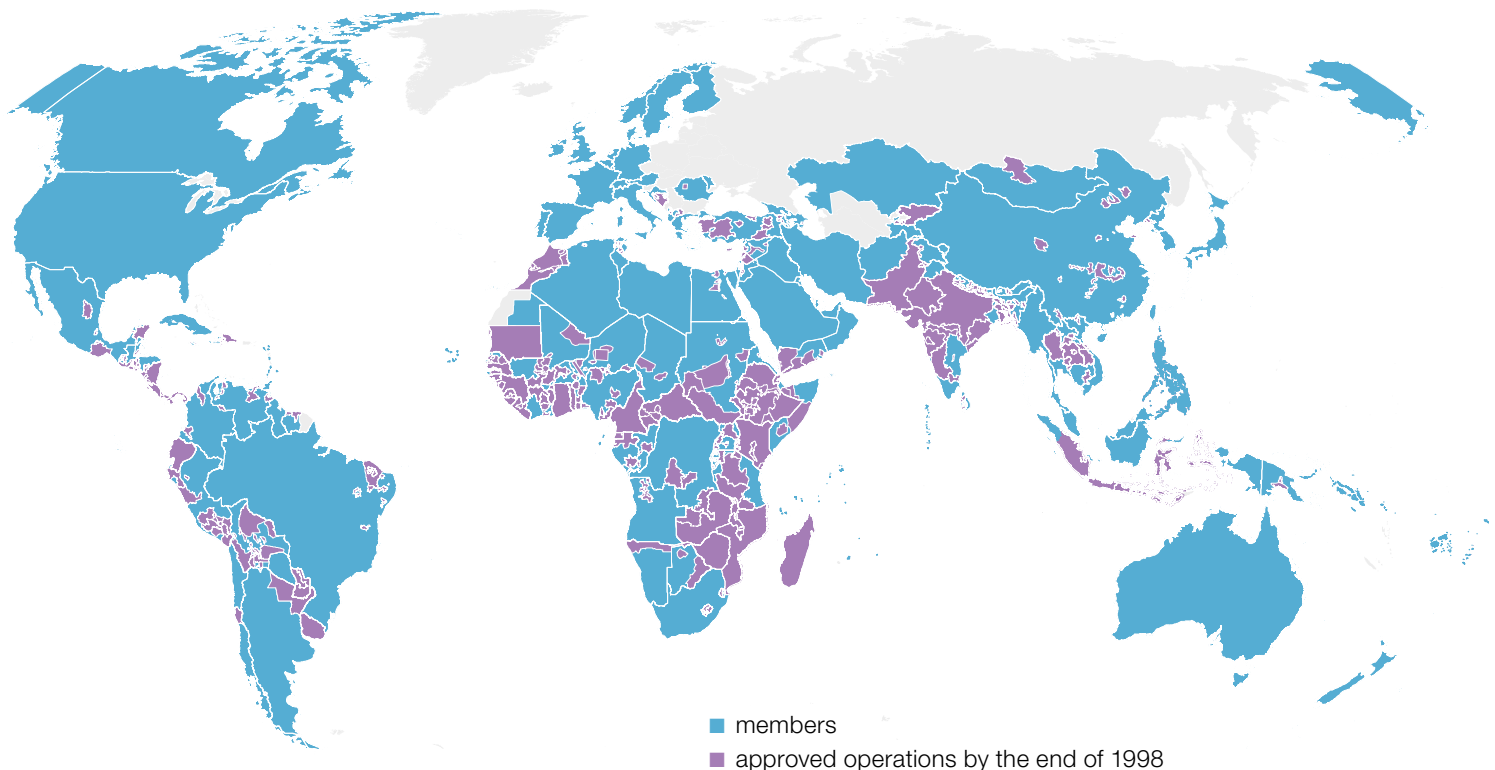
Small farms also need an enabling environment to become successful businesses. These are the secure foundations that are built on the rule of law, tax policies, trade regulations and similar elements. Such a business environment gives the private sector the confidence it needs to do business with smallholder farmers. At the same time, an enabling environment gives farmers the support and incentives they need to become commercial enterprises. And of course, land tenure is a vital component of an effective enabling environment for smallholders.

Smallholders know their needs better than anyone, and so IFAD's work at country level includes assisting governments in building mechanisms for policy dialogue with rural people and their organizations. At the same time, IFAD is working to strengthen community-based groups so they can engage more effectively in policy dialogue, to ensure that policies draw on and reflect local evidence and experiences.

In Uganda, the IFAD-funded Rural Financial Services Programme (RFSP) was seeking to develop the microfinance industry to help reduce rural poverty. Although government policy seemed to favour the programme's market-driven approach during its design, an abrupt change to the policy framework in 2006 made it impossible for the programme to continue as planned.

Instead of withdrawing like most other development partners, IFAD decided to remain engaged. IFAD redesigned the programme and negotiated measures to mitigate the new policy's major risks, and established a monitoring and evaluation system to collect data that informed policy debate across technical and political levels. The government has acknowledged IFAD as a key partner in the microfinance sector, and invited it to lead consultations with other development partners on a new microfinance bill.

## IFAD projects and programmes in 1998



# Recognizing the key roles of women



Comfort Coffie is a trained welder and works in the town of Sefwi Bekwai.  
Ghana: Rural Enterprises Project Phase II  
©IFAD/Nana Kofi Acquah



It is the paradox that holds back nations, families and individuals: women are fundamental to economic and social development, but they face multiple obstacles that limit their opportunities. Despite broad progress in recent years, no country in the world has yet achieved full gender equality. Gender disparities in the rural areas of developing countries are particularly acute.

Women make up approximately 43 per cent of the global agricultural labour force. They work along the agricultural value chain from the field to the market – in their own enterprises, in family businesses and as employees and employers. They engage in a variety of activities to earn income and to diversify their livelihoods and household nutrition options.

Poor rural women are also both stewards and users of natural resources. In addition, they perform most of the daily household chores, such as water and firewood collection, processing and preparing food, travelling and transporting, and caregiving.

Yet despite these multiple roles, women have significantly less access than men to the assets and services that would help them reduce their workload and increase their productivity. They are also under-represented in decision-making forums and user groups. Conversely, women are over-represented at the lower end of value chains, most notably in production.

Productivity will rise if women's skills are fully employed. According to a 2015 study, achieving equality between the sexes could add US\$12 trillion to global gross domestic product by 2025. Empowering rural women is also crucial to efforts to raise global agricultural output in order to feed a global population that will well exceed 9 billion by 2050.

Gender equality and women's empowerment is increasingly being recognized as a global priority. And SDG5 – Achieve gender equality and empower all women and girls – is increasingly being seen as a catalytic element of the ambitious 2030 Agenda. In particular, if we do not empower women, it is clear that we will not eradicate hunger or poverty. Gender equality is also a matter of justice – everyone, women and men alike, should have the opportunity to make the most of their potential.

#### Global agricultural workforce

Women  
account for  
43%



### Reviving an ancient tradition in rural Mexico

In the rugged southern state of Oaxaca in Mexico, rural communities have been producing silk since the sixteenth century. The practice declined in the twentieth century, but today, in the face of growing deforestation, an IFAD-supported programme is helping rural women revive the industry.

In Santo Domingo Xagacia, the craft of silk production is handed down from mother to daughter. Training offered through the project complements and expands this traditional transfer of knowledge. While many older women prefer to spin silk by hand, loans and grants are enabling the younger generation to use electric spinners and floor looms.

The women weave most of the silk into shawls known as rebozos, which are then coloured with natural dyes. The community has begun to market its products in Oaxaca City and Mexico City, as well as to local tourists.

The project is also helping to create new systems for sustainable forestry and carbon sequestration. Through ecotourism, for example, communities are exploiting forests in a sustainable way. Drawn to the area for adventure, tourists become a natural market for artisans selling traditional wood and clothing products.

The five-year project aimed to reach 18,000 families in Campeche, Chiapas and Oaxaca. A mid-term review found significant achievements at the community level: more than 120 agroforestry modules had been established, combining agriculture and forestry under sustainable management; about 60 community greenhouses had been built; more than 30 knowledge exchanges had taken place among communities; and more than 30 microenterprises had been legally set up.

### IFAD's evolving approach to gender equality

When IFAD began work in 1978, global attention to women's role in development was growing. This included women's contributions to agriculture and to the food security of their households, communities and nations.

Yet in those early days, there was little real understanding of what kind of development support poor rural women needed, or how to reach them. During our first decade, we came to understand just how much women were on the margins of access to services and of full participation in society.

...If we do not empower women, it is clear that we will not eradicate hunger or poverty...

Our strategy evolved in response to this understanding, and we began to highlight the importance of women's role in agriculture. In 1992, the Summit on the Economic Advancement of Rural Women highlighted the plight of female smallholder farmers and other rural women. IFAD organized the Summit in Geneva under the patronage of Queen Fabiola of Belgium. With 80 countries represented, it brought greater recognition of rural women and the challenges they faced.

1992

IFAD organizes the Summit on the Economic Advancement of Rural Women

One of its key findings was that stand-alone project components aimed at “women in development” were largely ineffectual. Women needed to be included as equal participants in all project activities. The Summit also energized IFAD, strengthening our efforts to design and implement projects to target both women and men and to address the unequal relations between them.

Three years later, IFAD participated at the Fourth World Conference on Women in Beijing. The Beijing conference brought lessons from the field, as well as global-level findings from the Geneva Summit. It adopted the concept of gender mainstreaming, which IFAD embraced to support integration of gender perspectives through all of our operations.

In the latter half of the 1990s, influenced by the post-Beijing mainstreaming agenda and lessons learned from working with poor rural women and men on the ground, we strengthened our policy instruments and gender architecture. In 1998, a milestone document, *IFAD’s Lending Policies and Criteria*, affirmed that poor rural women deserved more attention within IFAD’s policies and programmes. It called for a deeper understanding of complex issues and strengthening interventions through improved exchange of experiences between agencies in the field.

In 2012, after more than 30 years of work, IFAD formalized its evolving approach to empowering rural women with the approval of the policy on gender equality and women’s empowerment. This recognizes that gender equality is fundamental to every aspect of development, from food security to economic growth to environmental sustainability. The policy’s three objectives – to promote economic empowerment, enable women and men to have an equal voice and influence, and achieve a more equitable balance of workloads – inform all of our work. When women and men work together, the entire community benefits.

### **Tonga: Women and men working together**

Until a few years ago on Hunga island in the Kingdom of Tonga, tradition prevented women from fully participating or voicing opinions in community meetings. However, thanks to a project sponsored by IFAD and the Tongan government, women now have an equal voice in making decisions that affect the community, including setting priorities for vital communal infrastructure.

As part of the project, community committees were set up and members were trained in skills ranging from fundraising to project and development planning. These new skills enabled them to initiate and run their own large-scale community development projects for the first time. It was also the first time that women and men sat together to agree on priorities for community development and on how to implement them.

With their new fundraising skills, the community used social media to mobilize relatives abroad and, with a contribution from IFAD and the Indian government, managed to raise over US\$300,000. For the first time in the community’s history, women and men worked together side by side to build an all-weather road and a wharf, among other projects.

“For women to be given the opportunity to work with men in overseeing community well-being is a huge improvement in our lives,” said Launoa Mahe, a community spokeswoman.

In the almost 100 countries where IFAD works today, support for gender equality is part of our overall approach to achieving food security and poverty eradication. Women now make up half of the participants in our projects, up from 43 per cent in 2007-2008.

# 1993

Rapid External Assessment of  
IFAD’s Activities launched

## Spotlight

# Household methodologies: Transforming the potential of families

In many cases, a family does not work together as a cohesive unit. Unjust norms, attitudes and behaviours between women and men and other social groups divided by, say, age or illness, often mean that family members have different needs, resources and burdens and strive towards separate goals.

In response, the household methodologies approach enables family members to work together towards solutions that benefit everyone. It involves all household members – male and female, young, middle-aged and old – and aims to improve relations and their ability to work together towards a joint vision. Ultimately, the approach seeks to achieve more equitable workloads and decision-making, improve well-being and build stronger, more resilient and sustainable livelihoods.

Family members work together to answer key questions: “Where are we now and why? Where do we want to be in two or three years’ time? What strengths and opportunities can we build on? What challenges and obstacles may we encounter, and how can we overcome them?” Together they create pathways to change, identifying concrete steps along the way.

Local service providers, such as agricultural extension staff or civil society organizations implement the activities with the support of facilitators, who guide families through any difficulties. Household methodologies also promote an enabling environment to ensure changes to roles and relations in the household are accepted and upheld at the community level, by village chiefs for instance. This is particularly important when changes to behaviour challenge cultural norms (for example, women riding bicycles or men preparing the family dinner).

IFAD is one of the leading development agencies innovating with the household methodologies. In 2009, we gave the first grant to the NGO Oxfam Novib to develop the approach in rural Uganda.

Since then, we have multiplied our technical and financial support for household methodologies in Burundi, Ethiopia, Malawi, Mozambique, Nigeria, Rwanda, Sierra Leone and Uganda through grant- and loan-financed projects and South-South exchanges.

The approach has also garnered support from other development agencies, as well as governments and NGOs. In 2016, an estimated 130,000 people were directly benefiting from different types of household methodologies. Many more were reached indirectly through informal channels of experience sharing.

Participants report that they are happier and note improved relations within the family. They feel motivated to challenge the status quo when they understand how inequitable roles and relations between women and men are in part why they stay poor. Domestic violence is reduced. Women have better access to inputs and markets, and household responsibilities and chores are shared more equally. Women also have more of a voice in the home and the community. In addition, the approach raises family incomes and creates stronger, more resilient and sustainable rural livelihood systems.

The household methodologies approach is transformational. It has the potential to overturn in just a year or two cultural norms that have been in place for generations, simply because the benefits of collaboration come so rapidly. Results can also extend beyond the home. Experience shows improvements in a broad range of areas including land ownership, business management, cooperative leadership and policy.

In Uganda alone, the IFAD-supported initiative has worked with 20,000 families, of whom over 90 per cent have seen real changes in their daily lives.

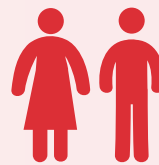
Demand for the household methodologies is growing. In June 2016, IFAD hosted a forum for partners and practitioners of the methodologies to discuss how to scale up the successes and achievements made so far.

### What happens in household methodologies



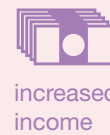
### Benefits of new ways of working

women have better access to...



→ increased productivity for the household

more voice in...



and more...



→ qualitative benefits





## Story from the field

# Helping women connect to value chains in Ghana

Women in northern Ghana earn income by producing and selling shea butter. Also known as *karité*, the butter is used for food preparation in Africa and in cosmetics elsewhere. The women's earnings used to be marginal because of the low quality of the butter and the lack of markets. The IFAD-supported Northern Rural Growth Programme, which works to improve rural livelihoods and empower women, adopted the goals of helping the women improve the quality of their butter and developing markets.



Planting a shea tree – with links to markets, farmers make good money from shea butter.  
Ghana: Northern Rural Growth Programme  
© IFAD/Amna Alhassan Bin Sallah

The first step was assisting the women – who account for two thirds of the programme's participants – in becoming part of an agricultural value chain. The programme helped the women form cooperatives and linked them to markets and financial services.

Rose Zang, a widow with five children, is part of the Zuwonye Vielong Women's Group. The group is registered as a cooperative and is part of the village savings and loan association through which Zang obtained loans to support her shea butter business.

"When I started I used to process one bag of shea nuts a week," she says. "Now, with support from the programme, I am able to process five bags of shea nuts. Now I am able to look after myself and my children."

Building collaboration with existing structures is crucial, including district assemblies and the traditional authorities, the chiefs, because they control the economic assets. They can also enact by-laws that will protect and unleash the potential of women. The programme won an IFAD Gender Award in 2013 for its innovations in empowering women.

Support from the initiative has allowed women to move beyond their traditional roles. One of these women is Hamida Iddrissu, who is now an agrochemical input dealer, a role predominantly held by men.

"Because of the value chain I am popular," she says. "I have been meeting with all the farmers, officers and directors. Sometimes I am the only woman. But I can speak. I can answer any questions without fear."

## Innovating to empower women

Today, IFAD is recognized as an innovator in women's empowerment. Our strategies have evolved over time, reflecting the lessons learned as projects adapt to on-the-ground realities. This commitment and flexible approach have paid off: by 2015, IFAD had met or exceeded 11 of the 15 gender mainstreaming indicators in the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women, making us one of the top-performers. In 2015, 56 million women received services from IFAD-supported initiatives – double the 28 million who were served just four years earlier.

For women producers, secure access to land is vital to making a sustainable living. Land tenure security encourages them to commit to activities with a longer time frame, invest in their land and use environmentally sustainable agricultural methods. Tenure security also contributes to women's economic empowerment by acting as a source of collateral, and owning land confers status, security and respect. Yet women often have weak land rights, or are denied rights entirely. In response, IFAD supports initiatives to help women access legal services and gain land certificates.

...In 2015,  
56 million women  
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four years earlier...

In Ethiopia, for example, all women heads of household in the target area of an IFAD-supported project supporting secure tenure have received land certificates. In married households, husbands and wives are being registered as co-owners.

In Burundi, a project aimed at post-conflict reconstruction has established legal clinics catering to women. Run by women lawyers, the clinics provide legal information and advice, encouraging rural women to fight discrimination and exercise their rights in land cases involving family relations and inheritance. These mobile clinics travel to rural communities, expanding outreach to the most vulnerable and isolated community members.

Women's leadership role in society is equally important to gender equality. Thus, training in community management topics is another important part of IFAD's approach. Small businesses run by women are playing an increasingly significant part in rural economies, creating jobs and generating growth. In 2015, 81 per cent of those trained in business and entrepreneurship were women.

## Economic empowerment and women's rights

In rich and poor countries alike, women's ability to earn an income is an important indicator of gender equality. Economic empowerment for women drives economic growth and advances women's human rights.

To reduce rural poverty, it is essential to address the specific conditions and root causes that make women poor. For example, women often have limited access to land and productive resources, credit or even basic education. Because men tend to die earlier or migrate, many women are left on their own to raise families and care for the elderly with almost no resources or support.

The Joint Programme Accelerating Progress towards the Economic Empowerment of Rural Women, a five-year pilot initiative, is a collaborative effort between IFAD, FAO, WFP and UN Women. The programme aims to reach 400,000 households in seven countries by working directly with 75,000 women. Launched in 2012, it is providing training and technical assistance to help women increase and diversify their production. It also gives targeted support to enable women to participate actively in community life, take on leadership roles and speak up on social issues.

## Labour-saving technologies: releasing precious time

Part of the solution to women's "time poverty" lies in a more equitable division of labour – and in technologies that lighten the load. These technologies make activities easier and more efficient or change the way they are carried out. IFAD-supported projects embrace everything from small-scale technologies for use at home and on the farm, to medium-scale machinery for use in group-based and value chain activities, up to large-scale infrastructure investments, such as feeder roads and water supplies. Men also benefit from these technologies.

In response to rural women's demands, many IFAD-supported projects invest in technologies and services to improve access to water supplies for household and productive use. The Lower Usuthu Smallholder Irrigation Project (2004-2013) in Swaziland trained women to construct water-harvesting tanks at home. They used the water from the tanks to grow vegetables, for home consumption and sale at the market.

Over the short summer period in Mongolia, mobile child day-care centres have enabled parents to conduct much needed work to carry them through the long and inhospitable winter. The child care service funded by the IFAD-supported Rural Poverty Reduction Programme (2003 to 2011) meant that parents had time to milk animals, process dairy products, grow vegetables and earn income.

In recent decades, initiatives in many countries supported by IFAD and others have helped gradually increase rural women's economic and social empowerment. But many women still lack a voice in their own homes. Some do not have a say in household decision-making, such as determining what money should be spent on, ensuring food security and deciding about schooling for their daughters and sons. Indeed, evidence shows that as many as a third of married women in Malawi and a fifth of married women in India are not involved in spending decisions, even regarding income they themselves have earned.

In an attempt to open what has been called "the black box of the family", IFAD has cooperated with partners to develop the household methodologies approach to gender equality, which focuses on spending within the home.

## Lightening women's workload

The ability of women farmers, fishers, forest dwellers, livestock keepers and entrepreneurs to produce and to generate an income depends a great deal on the time at their disposal. Yet many rural women are forced to work long hours on the most basic tasks to avoid becoming poorer.

And although, women often work longer hours than men, they produce less or lower value products. Burdensome workloads continue to be a major constraint to gender equality, and for rural families to increase agricultural productivity and to achieve food and nutrition security. In response, IFAD supports improved technologies and practices to release women's time and make their work more productive (see box).

Experience suggests that technologies are often more successful at reducing women's work burden when they are accessed and managed in groups. In Central Asia, for example, an IFAD-funded programme is helping spinners, knitters, weavers and felt producers in Afghanistan, Kyrgyzstan and Tajikistan work through cooperatives to increase their income.

Building on a pilot project, the programme works with men to introduce new goat-breeding practices and improved animal husbandry techniques. These methods produce higher-quality fibres for the spun yarn and knitted and woven products that are made by the women.

1995

FAO, WFP and IFAD co-organize the  
Conference on Hunger and Poverty



The programme trained women in new processing technologies and business management and helped women's groups with planning and access to credit. The groups then invested in electric spinning machines, which enabled them to increase their production. Solar power units were installed in the workshops, reducing production losses caused by frequent electricity cuts.

...women often work more than men, only to produce less, or lower value products. IFAD supports improved technologies and practices to release women's time and make their work more productive...

In addition, the programme helped women establish the legal status of their businesses and sought institutional support for their operations. It then enabled the women to establish links with export and local markets and suppliers of raw fibre. Small groups now export artisanal spun, woven and knitted products to markets in Europe and the United States. The photo and name of each spinner is printed on the product packaging as a marketing tool and a way for the women to receive recognition for the work they have done.

The value-added products have significantly increased not only the development of participating communities, but also the economic and social mobility of the women. Women who have participated in the programme can earn US\$100-US\$150 a month for part-time work spinning and processing fibres. By comparison, the average schoolteacher in Tajikistan earns about US\$70 a month. The value placed on the expertise of the knitting and weaving groups has elevated both the self-esteem and the status of women in the community.

### Award-winning programmes

Each year, IFAD honours achievements in gender equality and women's empowerment through the Gender Awards. The projects below won awards in 2017.

**Bangladesh:** The Char Development and Settlement Project – Phase IV gives secure access to land to women and men living on newly accreted coastal islands. Over 10,000 families have gained land titles, and a further 4,000 are in the process of doing so. Wives are named first on the land titles, protecting their rights.

**Mozambique:** The Rural Markets Promotion Programme supports 500 farmer organizations, with women making up 50 per cent of their membership and occupying leadership roles in 75 per cent of the organizations.

**Colombia:** The Building Rural Entrepreneurial Capacities Programme: Trust and Opportunity is empowering disadvantaged indigenous and Afro-descendant women and men and has reached 13,300 households so far, 57 per cent of which are headed solely by women.

**Morocco:** The Agricultural Value Chain Development Project in the Mountain Zones of Al-Haouz Province is enabling women to make their own money and build their skills and independence – about 11,000 women are taking part.

**Mauritania:** The Poverty Reduction Project in Aftout South and Karakoro – Phase II is supporting income-generation micro projects for women and young people, who make up more than half of the project participants. Improved access to drinking water has saved women and girls an average of five hours a day.

# 1997

Governing Council authorizes direct supervision of 15 projects

# From innovation to impact



A worker picks vegetables in irrigated greenhouses constructed on barren land.  
Jordan: Agricultural Resource Management Project Phase II

©IFAD/Ivor Prickett/Panos

Over the past 40 years, IFAD has nurtured the innovation of smallholders by helping them access modern methods, tools, inputs and approaches. IFAD has piloted and tested new approaches to agriculture and development in some of the poorest and harshest environments in the world.

In conditions where small producers and other rural people lack so many of the resources and services they could use to make their lives better – improved seeds, fertilizer, finance, information, technology, tools, connections to markets – innovation can mean many things. For example, IFAD was a pioneer in the microfinance revolution, giving the now world-famous Grameen Bank its first loan of US\$3.25 million. We continue to support innovation in microfinance through projects around the world.

### Innovations from the field

Innovation doesn't have to be big, but it does have to be smart and it must fit the context. IFAD's experience shows that it is vital to work with rural people themselves to identify promising innovations and enable them to lead the way.

Recent successful innovations at field level have included intercropping food crops with tree species, and in Burkina Faso and Mali with the inedible biofuel plant jatropha – increasing farmers' incomes and building resilience to the effects of climate change. In Malawi and Zimbabwe, planting acacia trees in maize fields has tripled yields and improved the resilience of the soil while boosting nitrogen content and water retention and moderating the microclimate. In an IFAD-supported project in Nyange village in Ngororero, Rwanda, students at a farmer field school are increasing yields by up to 300 per cent (compared to yields under traditional methods) by using integrated pest management and applying fertilizer only when there is a demonstrated need. In many countries, farmers are learning zero-tillage techniques to reduce loss of moisture and nutrients in the soil, which again grows increasingly important in the context of climate change. IFAD finances multiple benefit approaches that promote sustainable agricultural intensification by smallholder farmers. These approaches can build climate resilience while at the same time reducing poverty, enhancing biodiversity, increasing yields and lowering greenhouse gas emissions from agriculture. Developing such approaches requires research, scientific innovation,

1998

First Flexible Lending Mechanism  
programme under direct management  
by a farmers' association

financing, and the active involvement of smallholder farmers themselves to ensure that solutions are demand-driven and context-specific. The European Union (EU) has invested €233 million through IFAD in agricultural research programmes carried out by research centres of the Consultative Group for International Agricultural Research (CGIAR) since 2007. Together, we seek to test out new ground within the development arena. Some of these are innovative, cutting-edge areas that have received little investment in the past, but have the potential to change the future of development.

IFAD has also been a leader in exploring innovative ways of doing development, especially in terms of community involvement. Empowering people to drive their own development is at the core of our approach – because it is right and because it works. Community participation is the mortar that holds the building blocks of development together; training in community management issues is a key part of the projects we support. Another of IFAD's strengths is in fostering producer organizations that make it possible for farmers to work collectively so they can engage with modern markets and the private sector, and have more bargaining power too.

In Nigeria in 2016, the state of Anambra achieved its 210,000 metric ton rice self-sufficiency target through the IFAD-funded Value Chain Development Programme, which has linked smallholder producers to large private-sector market operators. The project raised productivity by 35 per cent for over 14,000 farmers.

Another innovative way of working together is self-certification. In Fiji, coconut oil producers have been enabled to self-certify their products because the costs of Fair Trade or organic certification are too high.

With a learning-oriented approach, IFAD has been able to discover and develop solutions that work in poor and remote areas where other development entities do not even attempt to go. And once these solutions have been proven, they are made available to be scaled up by governments and other partners, reaching millions more people.

Nothing demands innovation more urgently than climate change, the biggest challenge facing humanity today. IFAD is working with partners to develop sustainable approaches that enable smallholder farmers to grow more food while also increasing their resilience to climate change and protecting the environment.

In Kenya and the United Republic of Tanzania, as declining water resources have led to several seasons of failed maize crops, farmers are switching to sorghum, which is less thirsty and more tolerant of drought, heat and waterlogging. With funding from IFAD and the EU, more than 15 new varieties have been developed by the International Crops Research Institute for the Semi-Arid Tropics. The new seeds have already reached more than 100,000 farmers, and sorghum yields have doubled.

...Nothing demands  
innovation more urgently  
than climate change,  
the biggest challenge  
facing humanity today...

2001

IFAD publishes the first  
*Rural Poverty Report*

## Story from the field

## Scaling up success in Sulawesi

IFAD knows that persistence pays off, and that to succeed in rural development requires flexibility, a focus on results, and the ability to adapt to new knowledge and circumstances. Take for example the US\$28.3 million Rural Empowerment and Agricultural Development Programme in Central Sulawesi (READ). Because the programme was faltering, its strategy was adjusted in 2011 to have a much stronger emphasis on agriculture – the main source of income for 64 per cent of the poor women and men in Sulawesi, one of Indonesia's poorest islands.

The new strategy focused on increasing the market-driven production of a few selected crops, providing farmers with an integrated support package of technical advice, access to financial services, supporting rural businesses and facilitating innovative public-private partnerships. Community mobilization, which put farmers in charge of community development planning, was at the heart of the READ approach.

This led to remarkable results in a short period of time. For example, READ cocoa farmers' yields were 193 per cent higher than non-READ farmers' yields. For coconut farmers, the difference was a massive 500 per cent. Food security, incomes and access to markets all markedly increased as well.

The Government of Indonesia decided to scale up the successful approaches piloted during READ through the Rural Empowerment and Agricultural Development Programme Scaling-up Initiative (READ SI), which was approved in 2017 and will run to 2022. The approaches are being scaled up to additional provinces in Sulawesi as well as to West Kalimantan and East Nusa Tenggara. The government will contribute US\$9.6 million to READ SI, in addition to IFAD's US\$39.9 million loan and US\$1 million grant.

Like its predecessor, READ SI will have a strong agricultural focus and continue expanding access to markets and extension. The programme will also seek to build on its initial success in facilitating public-private-producer partnerships. Community-based development planning will continue to be at the programme's core, while introducing an enhanced focus on nutrition and financial services. Indeed, it will be boosted by the government's new "Village law", which allocates up to 10 per cent of the regional administration budget directly to villages. Under the law, funds are disbursed upon submission of community development plans. All activities are fully owned by the Government of Indonesia and integrated into its systems and processes. Work on the ground will be complemented by a policy dialogue platform to ensure a supportive policy framework and further scaling up in the future.



Village leader, Budiman Pombu, stands on the main road in Dewua, Central Sulawesi, Indonesia: Rural Empowerment and Agricultural Development Programme

© IFAD/Roger Arnold



### **Funding cutting-edge research**

Grants are a useful tool for funding cutting-edge research to identify innovative and context-specific solutions to the challenges that small farmers face. We have invested over US\$1 billion in stand-alone grants around the world. We have provided grants for many initiatives, including the following:

### **Beyond pesticides: Environmentally friendly pest eradication**

IFAD has funded game-changing research on the control and eradication of devastating pests and diseases that destroy small farmers' crops, herds and livelihoods. Our focus is on integrated pest management, using pests' natural predators as an alternative to pesticides. We have supported such environmentally friendly pest control methods to combat stem borers, pathogens, nematodes and weeds, helping to protect countless hectares of crops and the livelihoods of millions of farmers.

The IFAD-supported Africa-Wide Biological Control Programme is the world's largest and most ambitious biological control programme in recent times. More than 200 million people across some of the poorest parts of Africa were about to lose their staple food, cassava, to the cassava mealybug. IFAD funded a successful search to discover a natural predator against it. The project earned a World Food Prize and King Baudouin Award, cost US\$20 million, and has been estimated to have saved 20 million lives.

Another significant project supported by IFAD involved the New World Screwworm, one of the most destructive livestock insect pests in the Americas. Discovered in North Africa in 1998, it became a potential threat to 70 million head of livestock. This would have affected millions of small farmers and threatened the wildlife of sub-Saharan Africa. Acting quickly, IFAD helped to design and fund an FAO-led biological programme to eradicate the screwworm by releasing a large number of sterilized insects from aircraft. This operation facilitated the eradication of the New World screwworm from North Africa.

**Pest control:** IFAD grants have been associated with controlling and eradicating the pests and diseases that devastate small farmers' crops, herds and livelihoods. For example, IFAD was a major funder and leading partner in efforts to control cassava mealy bug, New World Screwworm, desert locusts, rinderpest, foot-and-mouth disease, tsetse fly and East Coast Fever. We played a key role in breakthrough successes with many of these pests and in the development of integrated pest management as an environmentally friendly pest-control method (see box).

**New rice varieties:** Rice is the staple food for more than half of humanity. IFAD has funded the development of rice varieties that thrive better in the harsh conditions brought about by climate change, while also giving poor farmers a reliable income stream and a source of food. In Africa, we were a key partner in the development of NERICA (New Rice for Africa), which now exists in dozens of varieties.

### **Adapting rice varieties in South Asia to climate change**

Rice is a staple food for over half the world's population. As climatic stresses grow, farmers need varieties that can tolerate harsh conditions such as heat and cold, flooding and drought, submergence and saline soils, and unpredictable rainfall. IFAD supports several initiatives, focusing particularly on Asia, where 90 per cent of the world's rice is produced and consumed.

The Consortium for Unfavourable Rice Environments, or CURE, is seeking ways to improve rice cultivation and productivity in fragile ecosystems and secure harvests against environmental stresses. Working in 10 countries in South and South-East Asia, CURE has created more than 88 new stress-tolerant rice varieties, which have been tested and are now being disseminated in the region with successful results. CURE has paid particular attention to women's participation in the development, testing and release of new rice varieties, and the role women play in promoting natural resource management practices.

In South Asia, where about 12 million hectares of rice-growing land is prone to floods, submergence-tolerant varieties have been bred for small farmers. Also known as Scuba rice, these varieties are enabling farmers to expand production to new areas, such as the basin of the Ghaghal River in Northern Bangladesh. Scuba rice is being cultivated in over 10,000 hectares in the basin, particularly benefiting marginalized lower caste farmers who live in these low-lying, flood-prone areas.



In Asia, which produces and consumes 90 per cent of the world's rice, the focus has been on developing varieties that can withstand the extreme conditions that are being further exacerbated by climate change. For example, submergence-tolerant rice varieties have been bred for small farmers in South Asia (see box).

With funding from IFAD, the International Rice Research Institute (which maintains a gene bank currently storing 127,000 rice varieties) identified genes for tolerance of submergence, salinity and drought conditions. It then transferred the traits to high-yielding breeding lines. The new varieties are not genetically modified, but the result of conventional breeding techniques using traditional varieties.

...As climatic stresses grow,  
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harsh conditions such as  
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and drought, submergence  
and saline soils, and  
unpredictable rainfall...

**New organizations:** IFAD supported the establishment of the Global Forum on Agricultural Research, which works to strengthen national research systems. Its Youth Agripreneurs Project, for example, supports young farmers in taking a more entrepreneurial approach to farming. One young farmer and her husband in Uttar Pradesh, India are promoting indigenous cows that produce better in India's hot and humid weather without the costly investments needed for the more common high-producing cross between Holstein Friesian and Jersey cows.

We also helped establish the International Network for Bamboo and Rattan (INBAR). Bamboo is one of the fastest growing plants on earth. It has greater tensile strength than steel, withstands compression better than concrete, and reduces emissions of greenhouse gases. Among its endless benefits, bamboo is a perennial crop that generates jobs for women and men, and also provides food and nutrition security as food and animal feed (see box).

### The infinite benefits of bamboo

Known as "poor man's timber", bamboo may be the most versatile plant on earth. It grows quickly on degraded land and reduces erosion. It is easy to cultivate, and can be processed into products ranging from furniture to footwear. It provides food for people and animals. It can withstand compression better than concrete – for which it serves as a substitute, reducing emissions of greenhouse gases.

For 5,000 women in the United Republic of Tanzania, the plant provides stable incomes selling bamboo briquettes. These are good for the environment and require less labour to make than traditional charcoal. The women, many of them single mothers, were part of an initiative to develop and transfer technologies for smallholder bamboo and rattan production across Africa, Asia and Latin America.

The programme was implemented by the International Network for Bamboo and Rattan (INBAR), which IFAD has financed since 1997. Our most recent grant supported a three-year programme to improve livelihoods and reduce environmental degradation in Ethiopia, Madagascar, Mozambique and the United Republic of Tanzania. The programme also targeted unemployed young rural women and men and disadvantaged groups such as landless people.

Training centres and more than 100 bamboo nurseries were established, and 7 new species were introduced in new locations. More than 1,000 people received training, enabling them to improve bamboo quality. Bamboo production sites were set up in rural areas to provide jobs for those who needed them most. Several sites were dedicated to building desks for local schools.

This was also a success for South-South cooperation. Staff from India trained people in Ethiopia and Madagascar, and an Ethiopian staff member then trained communities in Mozambique and the United Republic of Tanzania. Communities have substituted bamboo for wood-based fuels, thus contributing to energy security and reducing environmental degradation.

# 2003

Independent Office of  
Evaluation established

## Spotlight

### Small grain brings big gains in East Africa

The Sorghum for Multiple Uses project funded by the European Commission and managed by IFAD is helping farmers in Kenya and the United Republic of Tanzania to increase production. The International Crops Research Institute for the Semi-Arid Tropics, a member of the CGIAR Consortium, is implementing the project.

Approximately 50 per cent of people in the arid and semi-arid regions of East Africa live below the poverty line and 30 per cent of children are malnourished. Projected rapid population growth in sub-Saharan Africa will increase competition for food sources for humans and animals. Climate change has already led to limited and variable rainfall, causing crop yields to dwindle.

Sorghum could be part of the answer. It is a hardy, fast-growing cereal grain that supplies proteins, vitamins and micronutrients for people and livestock. Because it is drought and heat-tolerant, it is resilient to climate change. However, farmers rarely have access to high-yielding varieties, fertilizers or markets, and this situation has resulted in low production.

Since 2011, the project has trained more than 25,000 farmers in Kenya and 20,000 in the United Republic of Tanzania to increase sorghum productivity. Workshop topics have included sorghum agronomy, pest and disease management, harvesting, post-harvest handling, credit management, contract farming and crop insurance. The project has also established strong value chains to help farmers meet market demand and enhance the economy in the project area.

Fifteen improved, more drought-resistant varieties have been introduced. Yields have doubled, and in some cases nearly tripled, from about 800 kilograms to 2,000 kilograms per hectare on average, with minimal use of inputs. Improvements in the field have also led to better living standards at home. Households participating in the project have increased their food supply by about 250 per cent.

There is also a strong gender focus. Sixty per cent of the smallholder farmers participating in the project are women. The project is helping them develop new products, such as sorghum flour and cakes, to sell in local markets. Women are also learning to incorporate sorghum into traditional dishes to boost the nutritional value of family meals.

Involving women in the value chain has significantly increased economic activity in communities. Producers' gross earnings from sorghum farming in the project area have totalled over US\$10 million since 2011. This money has been used to improve household food security and send children to school. The project has also established partnerships with lending institutions that extend loans to farmers to buy seeds, fertilizers, equipment and insurance.

Participating communities are producing sorghum as a long-term, sustainable solution that offers families a better life. This traditional grain has helped rebuild local economies, improve gender equality, and restore livelihoods in rural communities on the front line of climate change.

# 2005

Farmers' Forum established  
to strengthen collaboration with  
farmer organizations

## Innovation and finance: Remittances

Until recently, the huge role remittances play in development was not accounted for. Yet the amount of money flowing to developing countries through remittances (approximately US\$440 billion in 2015), was three times net official development assistance. One third of remittances go to rural areas where they help reduce poverty. In fragile situations and disaster zones, they are often the only income families receive.

...One third of remittances go to rural areas where they help reduce poverty. In fragile situations and disaster zones, they are often the only income families receive...

However, the cost of sending money overseas through private services can absorb up to 20 per cent of the original amount. Furthermore, 90 per cent of the rural poor do not have access to savings accounts or loans. Thus, they have a hard time saving or investing the money they receive. If the money from remittances is not invested, no new jobs or economic opportunities will be created, and the next generation will be forced to migrate again.

IFAD has been addressing these challenges since 2006 through its multi-donor Financing Facility for Remittances. The US\$15 million facility aims at reducing costs and increasing options for poor rural households by creating partnerships between rural finance institutions and remittance operators. It provides grants to 50 projects in 40 countries to:

- promote access to remittances in rural areas
- link remittances to rural financial services and products
- develop rural investment opportunities for migrants and community based organizations.

To focus the world's attention on this important source of funding, IFAD launched the International Day of Family Remittances, which is celebrated annually on June 16.

## Simple solutions that make a big difference

Smallholder farmers around the world depend largely on rainfed agriculture for their livelihoods. But with droughts and unpredictable weather patterns brought about by climate change making their livelihoods even more precarious, irrigation is essential – but also often costly and difficult to maintain.

IFAD implemented the Scaling-up Micro-irrigation Systems (SCAMPIS) project from 2009 to 2012 with the COOPERNIC consortium. SCAMPIS introduced simple and inexpensive micro-irrigation systems that rapidly improved the incomes and food security of over 30,000 small farmers in Guatemala, India and Madagascar.

The irrigation systems were designed for use in backyard gardens or small plots. They used inexpensive locally available technology, such as pedal pumps for lifting water, buckets and drums for water collection, and tubes for distributing the water. From the start, the project collaborated with the private sector to ensure a sustainable local supply of drip irrigation equipment at affordable prices. It created jobs for local people to produce the equipment from recycled sandals at a price that poor farmers could afford.

Since poor soil quality also limits farmers' productivity, the project showed farmers how to produce organic fertilizers and natural pesticides that could be distributed in liquid form through the irrigation system.

SCAMPIS had dramatic results: crop production increased by 40 per cent, while water consumption decreased by 50 per cent. Farmers' annual incomes grew by as much as 150 per cent and their average savings grew by 200 per cent. Governments of all three pilot countries then scaled up the approaches pioneered by SCAMPIS.

# Building resilience



Yatam Muleya brings his cattle in before nightfall in Simuchimbu village.  
Zambia: IFAD Country Programme  
©IFAD/Siegfried Modola

The developing world's smallholders are no strangers to risk. Over generations, they have accumulated knowledge and developed coping strategies to get through periods of bad weather, food insecurity, market volatility, ill health, violence and ineffective governance. In the past farmers could rely on experience as a guide for the future – but no longer.

The speed and intensity of change, especially environmental change, are outpacing their ability to manage its effects. With few assets to fall back on and few tools to manage risk, the resilience of smallholders to shocks today is precarious.

Vulnerability to shocks can make rural people poor, keep them poor or prevent them from moving out of poverty. It threatens farmers' ability to increase their output at a time when their contributions to food production are ever more crucial to global food security. Vulnerability also makes them risk-averse, preventing them from taking advantage of new opportunities for growth such as by expanding production, changing crops or investing in new practices that take time to generate a return.

### Multiple risks

Climate change in particular is transforming the context of smallholder agriculture. Poor farmers often have been the first to suffer from the growing deterioration of the natural resource base. Those who practice rainfed agriculture are particularly vulnerable, given the growing unpredictability of rainfall and cycles of drought and flood. Livelihoods are most precarious for marginalized groups such as women, young people and ethnic minorities.

IFAD is helping smallholder farmers develop resilience to deal with climate change for example through the Adaptation for Smallholder Agriculture programme (ASAP). Launched in 2012 with support from numerous donors, it provides a new source of funding to scale up climate change adaptation across IFAD's portfolio.

ASAP is especially driving the expansion of multiple benefit approaches that improve production, while reducing and diversifying climate-related risks. In Mozambique, for example, ASAP is funding the installation of weather stations to improve climate risk information and forecasting. Low-cost greenhouses are also being installed to help farmers produce with fewer agrochemicals during the hot season.

# 2007

Over 85% of IFAD financing goes to low-income food-deficit countries



## Helping Smallholder farmers adapt to climate change

The US\$305 million Adaptation for Smallholder Agriculture Programme (ASAP) is the world's largest climate change adaptation programme that focuses on smallholder farmers. With few resources to fall back on, these farmers need urgent support to help them cope with, and adapt to, the negative effects of climate change. However, the world's smallholders are also part of the solution for dealing with climate change. Indeed, agriculture contributes almost one third of all greenhouse gas emissions. With the right support, smallholders can help minimize emissions, and revitalize degraded land, by practising climate-smart agriculture.

IFAD projects work directly with communities to come up with locally appropriate solutions, based on traditional knowledge combined with new technologies. ASAP also supports early warning information systems and models long-term climate change scenarios to help farmers understand future risks and adapt their farming practices to changing conditions. At the national and international level, ASAP helps policy makers make better decisions to empower smallholders to cope with the impact of climate change, contributing to national and global food security.

A second phase, ASAP2, will enable climate mainstreaming through technical assistance and capacity building, and will leverage IFAD investments to incentivize additional cofinancing for climate change adaptation.

For rural transformation to be **sustainable**, it must be climate-smart, environmentally sound, and based on sustainable management of natural resources. That means it increases agricultural productivity, enhances resilience (adaptation) and reduces or removes greenhouse gas emissions (mitigation) where possible. IFAD is mainstreaming climate throughout its portfolio, and has mobilized further resources from sources such as the Global Environment Facility (GEF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF) and Adaptation Fund (AF). In 2016, IFAD was accredited as an implementing agency for the Green Climate Fund (GCF).

But climate change is not the only risk farmers face. Market changes and volatility and growing competition for land lead to vulnerability, along with the issues that have always plagued the developing world's smallholders – weak property rights, lack of collateral, lack of access to inputs, credit and training, low human capital and poor links to markets.

In the face of these threats, poor rural people need both more capacity to manage the risks they face and tools to lower their level of exposure and vulnerability. The first step is adopting best practices, and IFAD has a long track record in supporting initiatives that encourage them. Among these are drought and flood risk management, smart management of water resources, land regeneration and improved post-harvest storage. The new responses include deepening risk assessment, and scaling up approaches for sustainable agricultural intensification.

# 2009

IFAD's programme of work  
grows by 19%



Story from the field

## Basic bureaucracy and land certification changes lives in rural Madagascar

Becoming the legal owner of even a small patch of land can make a big difference to the lives of rural people. In 2005, the Government of Madagascar introduced a historic national programme to enable citizens to formalize land ownership. However, there were bureaucratic hurdles to overcome that deterred many rural residents from even starting the process. As a first step they had to prove their legal identity, with documents such as birth certificates and identity cards that many of them had never possessed. To complicate matters, the administrative offices were often located in urban centres – meaning a long costly journey for rural residents.

In order to ensure that poor rural women and men were able to take full advantage of their rights under the new government programme, an IFAD-funded project started work in 2006 to support rural communes and help establish local land offices. The aim was to make the crucial services affordable and accessible.

Since then, with IFAD support, rural communes have issued nearly 16,000 duplicate birth certificates and more than 10,000 identity cards. These vital documents enable rural people to register land ownership and to gain access to financial services. Because land can be used as collateral, newly registered land owners can get credit through formal institutions at transparent rates – another big step forward.

And farmers are not the only ones benefiting.

Justin, a retired teacher, is one of many rural people now able to gain rights to their land easily and affordably.

Justin had never thought of legally owning his land before. But as he got older, the idea became more important to him and his family. Since his children can now inherit the land, they will have a strong foundation to build prosperity.

“The land office here is a really good thing,” he says. “In this region, there are a lot of land tenure issues. Some people have even killed or have been killed. Land certification helped put an end to this situation.”



Members of a local cooperative plant clove seedlings in Ambatoningiara village, Madagascar: Rural Income Promotion Programme © IFAD/R. Ramasomanana

In the drought-prone region of Butana, women are working together to protect and restore their community's grazing lands.  
Sudan: Butana Integrated Rural Development Project  
© IFAD/BIRDIP

## Story from the field

# A win-win for rural communities and young professionals

Even with a degree in agricultural engineering, Hanan Babibker a young graduate from Sudan, was struggling to find work. However, she heard the Butana Integrated Rural Development Project (BIRDIP), made possible through a US\$24 million loan from IFAD, was accepting applications for its Young Professional Programme. She applied for a position – a decision that greatly benefited both Babibker and the communities she worked with.



Communities in the Butana region face acute water shortages and environmental degradation made worse by unmanaged access to water and other natural resources. One of the project's goals was to improve the governance of these resources, starting at the grassroots level. However, community-level work requires a continual presence to build trust, mobilize the community and provide both technical and community management training.

Young professionals like Babibker help fill this gap by living in the communities they serve for up to three weeks. This helps them better understand how the community functions and how to better implement project activities. Before going to the

field, the young professionals receive training in managing farmer schools, technical topics such as water harvesting and integrated pest management, and participatory community development. “When I prepared myself for the challenges of working in the field I was a bit worried about whether the communities would accept me, but they accepted me immediately,” said Babibker.

Babibker helped community members organize regular meetings to manage community resources and trained women in vegetable farming and farm management. She has also been involved in activities related to raising livestock, and communal rangeland and forestry management. However, she remarked that getting community members to discuss common problems and work together was not always easy.

“Men and women did not have a habit of meeting together and so I decided to sit with a group of women outside the local mosque. In the evenings when the men passed by, we invited them to sit down and talk about various topics. With time they started trusting us and more men joined,” she recounted.

One community Babibker worked with set up a water committee to better manage its water resources. It now charges small water fees and uses the profits to invest in its school buildings.

“I’m happy to have learned about how communities can organize themselves around natural resources,” remarked Babibker.

With solid experience and skills, Babibker hopes to find more rural development related work. However, she is also considering starting her own poultry or vegetable production business. Many of the young professionals who have worked with BIRDIP have received job offers thanks to their concrete experiences with the project.

## Insurance

Poor smallholders employ a variety of strategies to manage their household expenses, earn a living, cope with challenges and manage risk. Despite this, they struggle to feed their families and have little capacity to withstand shocks and emergencies. IFAD has been working with partners to develop index insurance products that will help stabilize farmers' incomes under unpredictable environmental conditions. In Pakistan, for example, the IFAD-supported Programme for Increasing Sustainable Microfinance includes weather index-based crop insurance and live-weight livestock insurance.

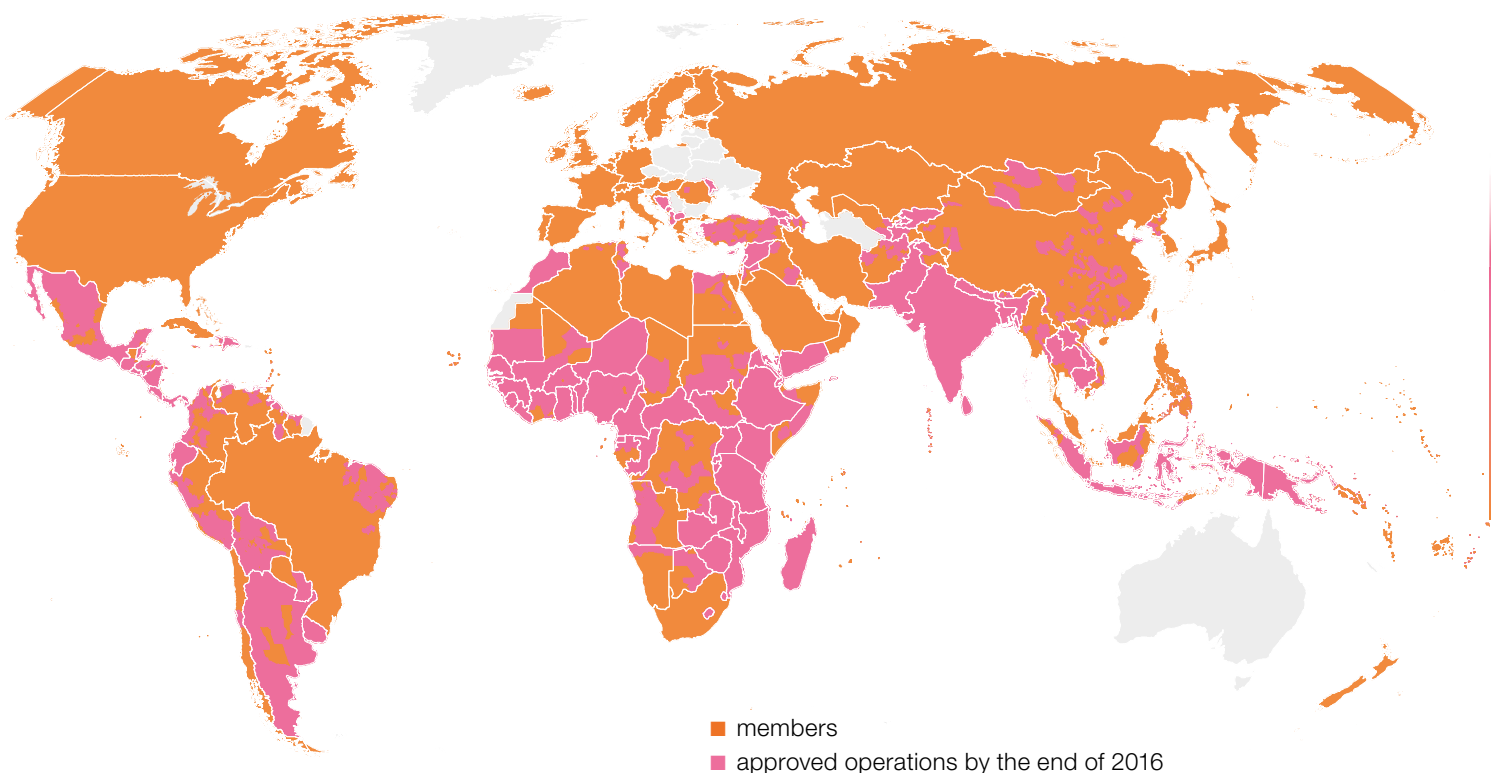
Governments play an important role in risk management. The Platform for Agricultural Risk Management (PARM), hosted at IFAD, is a multistakeholder partnership to make risk management an integral part of agricultural policy planning and implementation. PARM collaborates with the New Partnership for Africa's Development (NEPAD), operating as a knowledge broker. It works in eight countries in Africa, helping to identify, assess, quantify and manage agricultural risks, partnering with service

providers to develop strategies. It then helps get these strategies incorporated into public policies, private sector practices and agricultural investment programmes.

Another innovative project is the Weather Risk Management Facility (WRMF), a joint initiative of IFAD and the World Food Programme, that supports the development of weather index-based insurance, which correlates to weather patterns for local crops. In China, a pilot project aimed to reduce smallholders' exposure to losses from drought and heat waves. In Ethiopia, a weather index insurance product was developed to reduce the drought risk of farmers growing haricot beans; the pilot also installed low-cost automated weather stations.

The WRMF also conducted a ground-breaking study in Senegal from 2012 to 2016 to test whether remote-sensing technology could help to increase access to insurance by smallholder farming households – taking advantage of the fact that remote sensing, which does not need ground-based infrastructure, could make data collection easier and render index insurance for smallholders more viable.

## IFAD projects and programmes in 2017



## Story from the field

# Farmers prosper on reclaimed desert lands in Egypt

As the earth's population grows, land once overlooked by farmers will need to be transformed into farmland to meet the growing demand for food. Egypt is one of many countries needing more arable farmland. To meet this demand, in the late 1990s the Egyptian government provided loans to some of its disadvantaged urban citizens to buy land in the desert. In return, the recipients agreed to farm their new land.

One participant, city resident Wafaa Abu Shanab, had found it difficult to feed her family, which includes four children. She became a fruit farmer in the desert, but she struggled with obstacles such as infertile soil and access to drinking water.

"I began wondering if I could continue and achieve success, or if I should go back to the city," she remembered.

With assistance from the project, she and her neighbours were able to transform not only their land, but their community as well. The project helped boost agricultural productivity, raising annual average household income by US\$8,300. Living conditions also improved. The residents established clinics, schools and nurseries, and Abu Shanab became the Gender Officer at the Noubaria Farmers Union. The project gave the farmers confidence, encouraging them to make decisions and pursue business ventures.

"We have a better standard of living here," Abu Shanab said. "My children are becoming well-educated, and their health is better as we are far away from the city pollution. I am very proud of what I have achieved with my farm. I succeeded in overcoming those hard challenges."

Following the success of this model of integrated rural development in the reclaimed desert lands, the government and IFAD agreed to scale it up through a further project aiming to reach 87 per cent of those farming the reclaimed lands.



Bringing in the peach harvest and sorting the fruit by size in Ilyosha village. Egypt: West Noubaria Development Project ©IFAD/Marco Salustro

IFAD aided this initiative through the West Noubaria Rural Development Project. It aimed to help settlers improve the sustainability of their livelihoods and increase their self-reliance. The project worked with 36,000 new farmers, covering 65 per cent of the reclaimed desert lands. The programme addressed community development and technical aspects such as water management and support for marketing operations. It also facilitated farmers' access to credit.



Public and private institutions and civil society all have a role to play in helping rural poor people build resilience. IFAD works with farmers' organizations to build resilience by increasing the bargaining power of individuals. In addition, by pooling their resources, participants in community organizations and various forms of self-help and savings and credit groups dilute the risk facing any individual or family.

### Rural finance: filling the gap

An important and growing area of IFAD's work is in rural finance. We work through rural finance institutions on savings, credit, equity financing, value chain financing, remittance-based investment products and insurance.

Lack of access to financial services prevents rural people from growing their businesses, earning decent incomes and developing their communities and economies. Farms need what other businesses need, and without finance it is difficult or impossible to invest in equipment, expand, try out new varieties or modernize processes.

While microfinance initiatives have become prevalent, small and medium-sized enterprises (SMEs) in rural areas are often considered too big to access microfinance but too small to receive loans from commercial banks, who view smallholder farming and rural enterprises as risky investments. This is known as the "missing middle".

The 2030 Agenda calls both for more investment in agriculture and strengthening of SMEs, and there is a strategic need for global initiatives to bridge the various institutions and communities working in this area. In 2017, following the IFAD co-hosted conference on "Investing in Inclusive Rural Transformation," more than 30 organizations began working toward the creation of a new Smallholder and Agri-food SME Finance and Investment Network (SAFIN). Its five interconnected priorities are policy engagement, mobilization of resources, support to innovation, alignment of practices around inclusive models and promoting a strategic knowledge agenda.

IFAD has been working to prepare the launch of an impact investment fund for smallholder and SME finance, which will provide a channel for partners to direct funding toward priority target groups such as farmer organizations and rural youth. This will create a window for private sector investment, through which partners can also benefit from IFAD's strong relationships with governments, other development institutions, and rural people and their organizations.

### Small Island Developing States (SIDS)

Small Island Developing States (SIDS) share common development challenges because they are usually remote, insular and dependent on imports for most of their food and basic necessities. They are especially vulnerable to the effects of climate change such as rising sea levels and extreme weather events. Because their economies are small and often dependent on agricultural exports and tourism, SIDS are highly exposed to global economic trends.

IFAD has financed 90 projects in 24 SIDS for over US\$582 million. These aim to improve smallholders' livelihoods and access to markets and financial services, create jobs and increase resilience to climate change.

For example, rising sea levels have reduced arable land and made soils more saline in Tonga. Unpredictable weather and droughts have made it harder to grow traditional staples such as Taro. IFAD-supported projects are helping communities grow alternative crops and distributing seeds that are more resistant to the effects of climate change.

Like many small island economies, São Tomé and Príncipe's economy is vulnerable to global crises. Although it grows a very high quality cocoa bean, its cocoa industry collapsed during the cocoa price crash of 1998. In 2003, IFAD launched a 13-year programme featuring an innovative partnership with European chocolate companies, which have provided technical advice to farmers and committed to buying all their output. As a result, cocoa exports have increased 30 times in volume and farmers' incomes have grown by 500 per cent since 2004.

# 2011

IFAD Impact Assessment  
Initiative launched

# Evolving for the future



A young farmer at work in her field outside Luang Prabang.  
Laos: Northern Region Sustainable Livelihoods through Livestock Development Project  
©IFAD/GMB Akash



With its unequivocal pledge to end poverty and hunger and “leave no one behind,” the 2030 Agenda recognizes the importance of focusing development efforts on rural areas, which are home to 80 per cent of the world’s poorest people. And uneven progress in fighting hunger has left 815 million people – more than the entire population of Europe – suffering from undernourishment around the globe, most of them in rural areas.

To strike hunger and poverty at their roots means investing in rural areas to drive not only growth in agricultural productivity, but the broader and deeper economic and social growth that is defined as inclusive rural transformation. IFAD-supported projects address the underlying causes of contemporary global challenges.

The 2015 Addis Ababa Action Agenda on financing for development noted that revitalizing the rural sector would have “rich payoffs across the Sustainable Development Goals.” It also singled out IFAD “for mobilizing investment to enable rural people living in poverty to improve their food security and nutrition, raise their incomes, and strengthen their resilience.”

It takes the right policies, investments and approaches to ensure that economic growth in rural areas includes and benefits everyone. This was one of the take-home messages of IFAD’s Rural Development Report 2016.

Economically and socially vibrant rural areas are important for everyone, whether urban or rural. The world’s cities also need thriving rural areas to grow good food and maintain the ecosystems that contribute to clean water and air. And when rural people are able to build decent and dignified lives at home, they will not be forced to migrate in search of opportunity – migration will be a choice and not a necessity.

### **Leaving no one behind: people-centred development**

IFAD remains the only United Nations agency or international financial institution exclusively dedicated to supporting poor rural people, who have historically had few opportunities to benefit from development.

It is not just what we do and where we work that gives IFAD a comparative advantage. It is also how we work, taking a people-centred approach in everything we do. We recognize the immense contribution that poor rural people can make to development if they are given the right support – as food producers, entrepreneurs, environmental stewards and contributors to climate change mitigation.

# 2012

Adaptation for Smallholder Agriculture Programme (ASAP) established

This is why IFAD gives special attention to the most vulnerable groups: youth, women and indigenous peoples. Helping young people find satisfying livelihoods in rural areas benefits their communities and reduces the likelihood they will join the ranks of underemployed and frustrated urban youth. Women are major contributors to agriculture and rural economies, but to make the most of their potential, they need help in achieving greater equality with men and more control over their lives and assets. Similarly, indigenous peoples are stewards of natural resources and biodiversity, but they are often severely disadvantaged.

### **A decade of reform leads to greater impact**

In 2005, IFAD was the first UN agency to undergo an independent external evaluation, which led to a major overhaul of the Fund's strategies and operating model. Under a new Action Plan stressing direct supervision, rigorous assessment and increasing decentralization, IFAD became a more agile, efficient and effective partner, able to respond and adapt to today's ever-changing world. Steps were taken toward direct supervision of projects, and the first country offices were opened.

The results of a decade of change and reform were significant. In 2007, IFAD had 7 country offices; in 2017, there were 40, hosting more than 40 per cent of IFAD's Programme Management Department staff. Half of IFAD's country offices are in Africa, and 21 are in countries with fragile situations. We directly supervise 95 per cent of the projects we support, compared to only 18 per cent in 2007.

However, there is no room for complacency. There is widespread consensus that the SDGs will not be reached with current approaches and that business-as-usual will be insufficient to meet the ambitious targets. The United Nations has embarked on a reform process to reduce overlap and improve inter-agency coordination to better deliver on the 2030 Agenda. IFAD is aligning its own actions to increase impact and efficiency with these efforts, and is committed to making its investments even more impactful.

### **Rural transformation and the 2030 Agenda**

With its decades of experience in smallholder agriculture and rural development, combined with its strong relationships with both governments and rural people and their organizations, IFAD is uniquely suited to the role of leading investment in rural areas to help countries achieve the SDGs and make the universal agenda a reality.

Successful small farms help create more vibrant rural economies, increasing demand for locally produced goods and services and stimulating non-farm employment in services, agroprocessing and small-scale manufacturing. With a dynamic flow of economic benefits between rural and urban areas, countries can have more balanced and sustained growth.

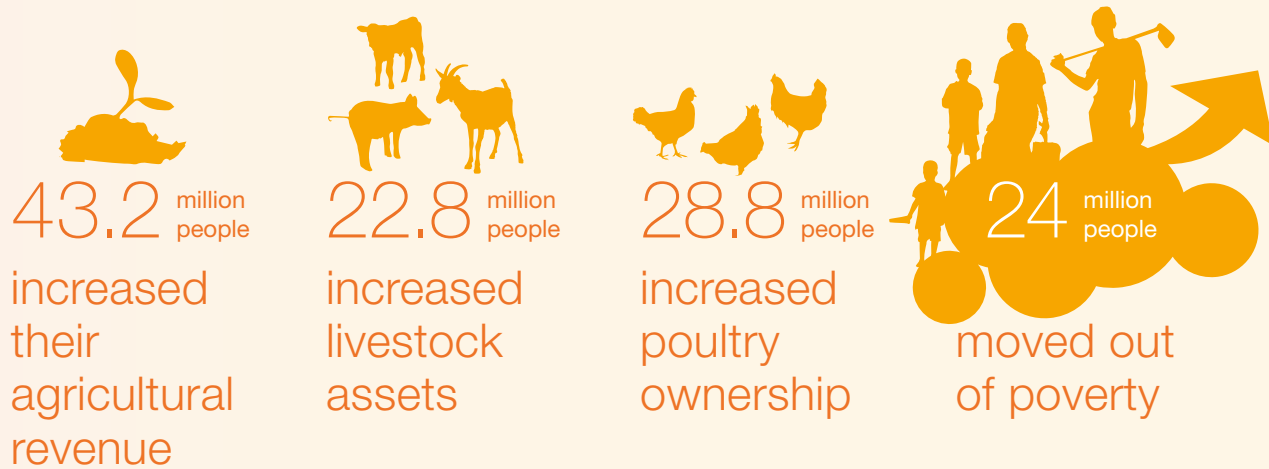
Over the past 40 years IFAD has empowered approximately 474 million people to grow more food, better manage their natural resources, learn new skills, start small businesses, build strong organizations and gain a voice in the decisions that affect their lives. As we begin our fifth decade, however, the world we work in is a very different place.

...Helping young people  
find satisfying livelihoods  
in rural areas benefits  
their communities  
and reduces the likelihood  
they will join the ranks  
of underemployed and  
frustrated urban youth...

Poverty and hunger have fallen dramatically. Today, 12.9 per cent of the population is undernourished, compared to around 28 per cent when IFAD began operations, and the proportion living in extreme poverty has fallen to 14 per cent. In developing countries, 91 per cent of children are in school. Half of the participants in IFAD-supported projects are women; some hold leadership positions in farmer organizations and run successful small businesses. With the expansion of private sector partnerships, smallholder farmers in the South sell their organic produce to exacting consumers in the North.

IFAD's impact assessment initiative

# Major impact of IFAD-funded projects 2010-2015



# Impact targets for IFAD-funded projects 2016-2018 (IFAD10)



## Story from the field

# Rwanda: Transforming lives, communities and economies

In Rwanda's Kirehe District, an IFAD-supported project introduced a spectrum of interventions to improve household food security and asset ownership, especially among vulnerable groups such as woman-headed households, orphans and those living with HIV/AIDS. Cofinanced by the Government of Rwanda, the Kirehe Community-based Watershed Management Project (KWAMP) (2009-2016) improved the living conditions of over half the district's households and reached more than 275,000 people.

The project's components ranged from infrastructure development to improved agricultural practices and clean energy. This multifaceted, transformative approach aimed to be both far-reaching and sustainable. The project's original target group was 48,000 small farm households with less than 1 hectare (including the landless). By 2016, KWAMP had reached 71,472 households.

rain collectors to provide water for cattle, protected nearly 18,000 hectares (98 per cent) of watershed areas and planted over 12.5 million trees.

Six new dams resulted in 19 irrigation schemes and a total of 2,442 hectares of irrigated land. As a result, rice production has increased, with some farmers attaining yields as high as 9 tons per hectare.

In order to ensure the project's sustainability, KWAMP also trained Irrigation Water User Organisations (IWUOs) to represent all the farmers cultivating land in the schemes. The IWUOs have formally taken over operations and maintenance, leading to increased IWUO confidence and near total collection of water fees in some schemes.

Helping smallholders organize is thus key to their empowerment. Farmer organizations were also a conduit for training, value chain development, new methods of crop intensification and an innovative animal health insurance scheme in which farmers used their own resources to create 18 veterinary pharmacies.

KWAMP's livestock activities exceeded targets and helped increase both incomes and nutrition. Through the pass-on-gift method, selected farmers were given a cow in gestation. The first female calf born has to be passed on to another farmer as a way of repaying the gift – multiplying benefits for the community.

Annonciata Nsekugabanye's family received a cow through the project. They also took out a loan to build a cowshed. "Who would have thought that we would have repaid our loan by selling milk, let alone that the children could drink milk every day?" she said.

"Five years ago, if someone would have told me you can make US\$3,000 a year by selling milk, vegetables and bananas, I would have told them they were crazy," said Annonciata. "Now, I am considered as a pioneer farmer in my village." Now she can send her four children to school, put nutritious food on the table, buy clothes and afford health care.



KWAMP helped transform Kirehe into one of the country's main maize-producing districts. Maize cultivation rose from 10,000 hectares in 2009 to 25,000 hectares in 2016. Because the lack of infrastructure often holds back rural economies, the project also rehabilitated over 60 kilometers of feeder roads, providing 5,000 people with jobs and stimulating business and trade. The project also introduced biogas, helped farmers install rooftop

Annonciata Nsekugabanye took a loan to build a cowshed and repaid the loan by selling milk. Rwanda: Kirehe Community-based Watershed Management Project ©KWAMP/Viateur Karangwa

## Managing for results

But leaving no one behind means putting an end to hunger and poverty everywhere. To rise to the challenge, IFAD needs to be bigger, better and smarter – themes of our Strategic Framework 2016-2025. In practice, this means continuing to innovate while also bringing successful approaches to scale, as well as building our ability to scientifically study their impact.

IFAD launched a pioneering impact assessment initiative not only to analyse the results of its projects, but to assess the impact of the institution as a whole – something no other development institution had done before. It also launched a new Development Effectiveness Framework, to create structures to further facilitate the use of evidence in project design, implementation and evaluation. This means folding back what we learn into the design of new projects that deliver better results with greater efficiency.

During the period of IFAD's Eleventh Replenishment (IFAD11) from 2019-2021, the Fund will adopt a new business model and financial strategy to increase and diversify resource mobilization, and strengthen resource allocation and utilization. To maximize support to countries in achieving the SDG targets by 2030, and strengthen IFAD's capacity to deliver, the Fund is planning a series of coordinated actions, including accelerating decentralization to regional hubs and adopting innovative business processes. Clear country strategies and evidence-based design will help us intensify our focus on results and increase the ability to achieve them.

IFAD has also initiated the Operational Excellence for Results (OpEx) exercise. OpEx will help boost our capacity to deliver high-quality projects for better results, addressing obstacles such as long project approval and disbursement times. OpEx looks at the whole project cycle, from project identification, to design, implementation and results reporting. It aims to create the conditions for the renewal and innovation of both products and processes, internally and through partnerships.

1978 to 2017

474 million people  
estimated direct beneficiaries

US\$15.5  
billion



Domestic  
contributions

US\$11.6  
billion



Cofinancing

US\$19.7  
billion



IFAD

## Bold new ways of financing development

Official development assistance (ODA) won't get us to the finish line of reaching the SDGs. So a first step is broadening IFAD's resource mobilization – how we finance the work we do. During the Eleventh Replenishment under the new financial strategy, the Fund will leverage ODA resources, while focusing on increasing domestic contributions and engagement with the private sector and foundations. For the first time, IFAD will be able to take advantage of Concessional Partner Loans, the first of which was pledged in 2017. We will also be embarking on preparations for possible market borrowing, including building internal financial management capacity.

2013

First global meeting of the  
Indigenous Peoples' Forum



## Working with other Rome-based agencies

Rome is the United Nations' food hub, with three agencies pursuing distinct but complementary mandates. Whenever possible, we work together to achieve results and increase efficiency. There are many examples of successful collaborations of the three agencies, spanning decades. In Nepal, a leasehold forestry project supported by both IFAD and the Food and Agriculture Organization of the United Nations (FAO) increased food security and promoted conservation of natural resources over a period of 20 years. Begun in 1992, the Hills Leasehold Forestry and Forage Development Project would span 20 districts and engage 58,000 households in nearly 6,000 community groups managing 28,000 hectares of forest land. These community groups distributed government-leased land to their members, who were permitted to harvest fodder and non-timber products in return for protecting the land from grazing, forest fires and erosion. The project demonstrated how the rural poor's standard of living could be raised without jeopardizing environmental resources.

More recently, IFAD, FAO and the World Food Programme (WFP) started a project in 2014 to empower rural women in the Kyrgyz Republic and increase their leadership skills and role in development. Women make up 75 per cent of the rural workforce in the country but face lower wages and higher rates of unemployment than men. They encounter inequality and barriers of access to service, finance and inputs. The project provided training to women in 45 villages and addressed economic and social issues, including the root causes of gender-based violence. Women formed 79 self-help groups and started a variety of businesses, from vegetable-growing to sheep-breeding, to dressmaking and handicraft production. With economic development has come social empowerment and greater participation in community institutions and decision-making.

The three agencies are working at the operational level to increase impact by making sure that activities are not only complementary, but linked. We will not always implement projects jointly, but we will plan and collaborate strategically to maximize our impact.

The SDGs are country-led and country-owned, and generating greater support from governments to invest in their own rural areas is a must. We are also looking at creative ways to work with other development partners to help finance rural transformation with new partnerships. IFAD's innovative public-private-producer partnerships (or "4Ps") model helps provide financial and non-financial incentives to private-sector companies to invest in smallholder farmers, enabling them to improve productivity and market access. Making smallholder agriculture pay as a modern business is key to attracting a new generation to farming.

To capitalize on IFAD's unique portfolio and leverage private-sector investment, IFAD's innovative new smallholder and SME investment finance fund will make it easier for donors, development partners and other investors to reach smallholders who are underserved by existing banks. For investors, IFAD's portfolio offers an organized market with lower transaction costs – in essence "de-risking" rural investment. For smallholders, the SIF offers access to capital and opportunities to significantly improve their productivity.

Developing countries also need more than financial assistance. With this in mind, IFAD is continually developing its suite of tools to meet the needs of its Member States and reach more rural people. For example, in 2016, the Government of Mauritius and IFAD signed a Reimbursable Technical Assistance (RTA) agreement to help develop the country's seed sector. Through this innovative type of agreement, middle-income countries that do not want loans – or are no longer eligible for them – can still benefit from high-quality technical expertise from IFAD and its development partners. Another RTA is underway with Saudi Arabia.

# 2014

Number of IFAD country offices reaches 40



## South-South and Triangular Cooperation

South-South and Triangular Cooperation (SSTC) is key to the achievement of the 2030 Agenda. SSTC includes the sharing, replication and scaling up of development approaches between countries, as well as joint design of solutions to development problems that cannot be solved by countries individually. In addition, SSTC covers economic and financial cooperation between developing countries, including through public and private investments in agriculture and rural development.

SSTC is a recognized corporate instrument in IFAD's Strategic Framework 2016-2025. It is a key mechanism for delivering relevant, targeted and cost-effective development solutions to our partners across the globe. During 2017, IFAD co-hosted an International SSTC Conference on "Leveraging Innovations from the Global South to Support Rural Transformation" in Brasilia, to identify and discuss innovative solutions focusing on agricultural production and productivity, investment promotion, and inclusive information and communications technologies. We are working with the Government of China to establish an SSTC facility, which will be funded through supplementary funds. IFAD will also open three SSTC and knowledge centres in the regions where we work, the first being the East Asia Regional SSTC and Knowledge Center in Beijing. A new Rural Solutions Portal will facilitate sharing of successful innovations.

...Investing in rural agriculture creates job opportunities for young people, allowing them to contribute to their communities while reducing poverty and increasing the supply of food...

## Directing resources where they're needed most

In order to reach the SDGs – especially the goals of no poverty and zero hunger – we need to target the poorest countries and the poorest people. IFAD has pledged to dedicate 90 per cent of official development assistance resources to low-income and lower-middle income countries.

In these countries – and many others – one of the keys to rural development is harnessing the power of young people. Today's generation of young people is the largest in history. In sub-Saharan Africa alone, youths number 200 million, with an estimated 10-12 million entering the job market every year.

Smallholder agriculture can be a viable alternative. In sub-Saharan Africa, small farms are responsible for up to 80 per cent of production. The agri-food sector currently totals US\$5 trillion, and by 2050, global demand for food is expected to rise by 60 per cent. Investing in rural agriculture creates job opportunities for young people, allowing them to contribute to their communities while reducing poverty and increasing the supply of food.

## From fragility to resilience

As escalating global crises have shown, however, a lack of job opportunities is only one reason people leave their homes. Forced displacement due to crises and conflicts have a significant rural dimension, both for rural areas that are abandoned and for rural host communities that are recipients, where in some cases the massive scale of displacement exerts pressure on natural resources and agricultural systems. These factors can lead to the collapse of food production and the degradation of agricultural land in abandoned areas.

In response, IFAD set up the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS) in 2016. FARMS seeks to increase the selfreliance of displaced persons and help them re-establish their livelihoods and agricultural production

# 2016

IFAD launches a new Development Effectiveness Framework

## Story from the field

# From unemployed factory worker to millionaire businesswoman in China

Now a successful businesswoman and owner of two multimillion-dollar businesses, Zhang Danying's story shows the power of microloans for transforming lives. Twenty years ago, Zhang had lost her job in a factory and could not find another one.

"It was hard as a woman," she said. "No one would employ me."

She borrowed money from relatives, rented a few sewing machines and opened a small clothing shop with several other women. Then came the IFAD-supported Qinling Mountain Area Poverty

Alleviation Project, which began providing small loans to entrepreneurs, as well as training in practical skills such as sewing and business management. The project aimed to improve food security and living standards for 310,000 poor households in Hubei and Shaanxi provinces. To ensure sustainability, food aid was combined with support for agricultural development, rural infrastructure, financial services, social development and project management.

Zhang's group took advantage of these opportunities and in 2004 received a loan to buy 30 sewing machines and hire 80 people. By 2016, Zhang's clothing company had 200 employees and earned over 10 million Yuan (US\$1.5 million).

Empowered by the success of her first business, Zhang took out a bank loan to start a poultry processing company. It now has an annual turnover of over 650 million Yuan (US\$100 million) a year. But despite her success, Zhang has never forgotten what it is like to be poor and a woman. Over 80 per cent of her poultry company's employees are women. While making healthy profits, her businesses also directly aim at reducing poverty. For example, she has partnerships with 10,000 poor local households that supply her company with poultry.

"IFAD helped me fulfil my dream," she said.



Zhang Danying, who started with a small loan and now owns two multimillion dollar businesses.  
China: Qinling Mountain Area Poverty Alleviation Project  
© IFAD/Joanne Levitan

when they return home. It also supports host communities struggling to cope with the influx of displaced people by making their agricultural systems more productive and sustainable. FARMS seeks to bridge the humanitarian-development aid divide by mobilizing grant resources from outside donors.

By creating opportunity in rural areas, IFAD-supported projects help to build stability and give people options. They change people's lives, put small farms and other rural businesses on the road to commercial viability, increase food production and improve nutrition. Focusing on people also helps communities and countries build stronger economies and social stability.

### **Better delivery, better evidence, better results**

With only 12 years left to achieve the SDGs, it's clear that business as usual will be insufficient to meet the needs of rural people worldwide. Over the past 40 years, IFAD has amassed a wealth of knowledge and experience for spurring rural development. But to make best use of the resources entrusted to IFAD, and to do our best for the people we serve, IFAD needs to deliver even greater results.

IFAD's experience has shown that decentralization improves the overall performance of IFAD-financed activities. In order to contribute to the fullest extent to the 2030 Agenda, we are speeding up the pace of decentralization and will interact with our stakeholders more strategically. Given country demand, and the challenges that face rural people, we know that we have to do more.

...Over the past 40 years,  
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IFAD's reforms are occurring in a wider culture of development that increasingly prioritizes results. In the face of new pressure to demonstrate value for money in development activities, evidence-based design and implementation are vital. On a country level, that means demonstrating how better data leads to more informed decisions – and consequently, better development results for all. Policy dialogue is an increasingly important part of IFAD's work at the country level.

In the IFAD11 period, we plan to accelerate the pace of implementation and disbursement, especially in countries with fragile situations. But this has to be coupled with efforts to support countries in building their own capacity to absorb financing and use it to achieve development results.

IFAD is financing the new Program in Rural Monitoring and Evaluation (PRiME) to help countries strengthen their capacity to collect and use data. Developed with the Center for Learning on Evaluation and Results, PRiME targets government officials and ministries currently engaged with IFAD. Its goal is to establish monitoring and evaluation as a tool for greater impact in the rural sectors the officials manage.

For IFAD, transparency is also essential to accountability. Careful monitoring and accessible, high-quality data enable IFAD's partners and project participants to hold us accountable. And when citizens can easily access public information about the actions that affect their well-being, they are better equipped to hold their leaders accountable and to participate in the decisions that affect their lives.

IFAD investments have changed the lives of millions of the most marginalized and disadvantaged people in the world. As we reorient to the future, we look forward to continuing to make a positive impact on food security, nutrition and poverty eradication. Through innovation at every step of our development process, IFAD can maximize its contributions to the 2030 Agenda and help achieve human dignity for all.

# 2017

Smallholder and Agri-food SME Finance  
and Investment Network (SAFIN)

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