HIGHLIGHTS
ANNUAL REPORT
2014
President’s foreword

IFAD’s 2014 Annual Report Highlights give a snapshot of our work during the year, with facts, figures and short stories. Here you can read about Rose Zang, the Ghanaian farmer making a living from shea butter, students learning about organic agriculture in Fiji, and silkworm producers reviving a traditional women’s craft in Mexico.

For us, 2014 has been a milestone year, with the successful conclusion of the Consultation on the Tenth Replenishment of IFAD’s resources (IFAD10) and an innovative financing agreement reached with Germany’s KfW Development Bank. Member States agreed to an IFAD10 target of US$1.44 billion to fund a programme of loans and grants of US$3 billion in rural investments for the period 2016-2018; this will enable us to make an impact on the lives of about 130 million rural people. Under the new agreement with KfW, IFAD has access to up to €400 million of sovereign borrowing in 2014 and 2015.

Sovereign borrowing transforms IFAD’s business model: where we once had one financing source of grants from our Member States, we now have an additional source of funding. These funds will be made available to finance loans on ordinary terms, allowing more of IFAD’s regular resources to be allocated on highly concessional terms to those countries that are eligible. Sovereign borrowing gives us flexibility, added credibility to operate as an international financial institution and, most importantly, increases our ability to invest in rural transformation.

Flexibility is essential as we continue to support rural people in the face of growing challenges such as climate change. This affects all of us, but hits the poorest and most vulnerable hardest. IFAD’s Adaptation for Smallholder Agriculture Programme (ASAP) is the largest global financing source funding poor farmers’ efforts to cope with changing weather patterns. A total of US$83 million in ASAP grant financing was approved in 2014, and ongoing ASAP-funded work was worth more than US$190 million at the end of the year.

The people of Small Island Developing States are struggling with unique and evolving challenges that include rising sea levels, extreme weather events and the collapse of capture fisheries. IFAD currently has US$139 million invested in projects in these island nations, reaching about 5 million people. At the thirty-eighth session of the Governing Council in February 2015, we welcomed two new Pacific island Member States to IFAD – the Federated States of Micronesia and the Republic of Palau – demonstrating the organization’s continued commitment to inclusive rural development that empowers the most disadvantaged and marginalized women and men across the globe.

KANAYO F. NWANZE
President of IFAD
Ongoing IFAD-supported programmes and projects and IFAD country offices at end 2014

**Near East, North Africa and Europe**
36 projects
- Armenia 1
- Azerbaijan 1
- Bosnia and Herzegovina 1
- Djibouti 1
- Egypt 3
- Gaza and the West Bank 1
- Georgia 1
- Jordan 1
- Kyrgyzstan 2
- Lebanon 1
- Morocco 3
- Republic of Moldova 2
- Sudan 5
- Syrian Arab Republic 2
- Tajikistan 2
- Tunisia 2
- Turkey 2
- Uzbekistan 1
- Yemen 4

**Latin America and the Caribbean**
42 projects
- Argentina 2
- Belize 1
- Bolivia (Plurinational State of) 3
- Brazil 6
- Colombia 1
- Cuba 1
- Dominican Republic 2
- Ecuador 2
- El Salvador 3
- Grenada 1
- Guatemala 2
- Guyana 1
- Haiti 2
- Honduras 4
- Mexico 2
- Nicaragua 3
- Panama 1
- Paraguay 1
- Peru 2
- Uruguay 1
- Venezuela (Bolivarian Republic of) 1

**West and Central Africa**
47 projects
- Benin 2
- Burkina Faso 3
- Cabo Verde 1
- Cameroon 2
- Central African Republic 1
- Chad 2
- Congo 2
- Côte d’Ivoire 2
- Democratic Republic of the Congo 2
- Gabon 1
- Gambia (The) 2
- Ghana 3
- Guinea 2
- Liberia 2
- Mali 3
- Mauritania 2
- Niger 2
- Nigeria 3
- Sao Tome and Principe 2
- Senegal 3
- Sierra Leone 3
- Togo 2

**Asia and the Pacific**
56 projects
- Afghanistan 2
- Bangladesh 5
- Bhutan 1
- Cambodia 2
- China 5
- India 10
- Indonesia 3
- Kiribati 1
- Lao People’s Democratic Republic 3
- Maldives 2
- Mongolia 1
- Myanmar 1
- Nepal 4
- Pakistan 2
- Papua New Guinea 1
- Philippines 3
- Sri Lanka 3
- Timor-Leste 1
- Tonga 1
- Viet Nam 5

**East and Southern Africa**
43 projects
- Angola 1
- Botswana 1
- Burundi 3
- Eritrea 2
- Ethiopia 5
- Kenya 3
- Lesotho 2
- Madagascar 4
- Malawi 2
- Mozambique 4
- Rwanda 3
- Seychelles 1
- South Sudan 1
- Swaziland 1
- Uganda 3
- United Republic of Tanzania 4
- Zambia 3

IFAD country offices
- 2014
- planned as at 31 January 2015
Helping women connect to value chains in northern Ghana

The IFAD-supported Northern Rural Growth Programme is helping women in northern Ghana improve their incomes, acquire business skills and step into new roles.

These women, who produce and sell shea butter, have learned how to improve the quality of their product and how to form cooperatives. The programme has also linked women to markets and financial services. With access to credit, many of the women have invested in their businesses and have seen their incomes grow substantially.

Rose Zang, a widow with five children, is part of the Zuwonye Vielong Women’s Group. She used to process one bag of shea nuts a week.

“Now, with support from the programme, I am able to process five bags of shea nuts,” she says. “I am able to look after myself and my children.”

The programme won an IFAD Gender Award in 2013 for its innovations and achievements in empowering women.
Reaching the poorest through household mentoring

Reaching the poorest of the rural poor on a large scale is always a challenge. In Uganda, as part of the District Livelihoods Support Programme, IFAD and the Government of Uganda have introduced household mentoring, a tool that can enable the most vulnerable people to make rapid improvements in their lives.

Household mentors make regular visits to poor families, sharing knowledge and skills for better household management, improved farming practices and income generation. Mentees are encouraged to join savings groups and other common-interest activities. Mentored households have quickly become food-secure. They have also increased their incomes, enabling them to invest in home improvements, farming and small businesses. Household members learn to pool their income and make decisions together as they work towards common objectives.

“Our relationship has changed,” says Imaculata Ninsiima, who lives with her husband in Kamwenge district. “Now we plan together and have goals for the future.”
Asia and the Pacific

34 countries: Afghanistan, Bangladesh, Bhutan, Cambodia, China, Cook Islands, Democratic People’s Republic of Korea, Fiji, India, Indonesia, Islamic Republic of Iran, Kiribati, Lao People’s Democratic Republic, Malaysia, Maldives, Marshall Islands, Mongolia, Myanmar, Nauru, Nepal, Niue, Pakistan, Papua New Guinea, Philippines, Republic of Korea, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu, Viet Nam

Portfolio management highlights

- 56 ongoing programmes and projects in partnership with 20 recipient governments at the end of 2014
- US$1,752.8 million invested by IFAD in the region’s ongoing portfolio
- US$269.5 million in new approvals in 2014: 8 new programmes and projects in Bangladesh, Cambodia, China, India, Kiribati, Myanmar, Nepal and Viet Nam, and additional financing for ongoing projects in India and Papua New Guinea
- 1 new results-based country strategic opportunities programme (RB-COSOP) for Myanmar

Our work and results in 2014

Bangladesh: IFAD activities for strengthening rural people’s resilience to climate change have built more than 1,200 kilometres of all-weather roads, cyclone shelters for 40,000 people and 22 livestock refuges.

India: following IFAD’s work with indigenous people in Odisha State, 80 per cent of participating households now have safe water, and about 70 per cent have access to financial services; at least half of the 58,000 households have secured legal tenure to the land they farm.

China: IFAD has helped connect flax growers to markets, enabling them to sell their oil in Beijing and other cities and benefiting more than 170,000 people; growers have also gained organic certification, raising sales and prices.

Small islands face big challenges with innovation

Small Island Developing States face enormous challenges. These include climate change, the collapse of capture fisheries, coastal erosion, shortages of freshwater, and the high cost of food imports.

IFAD works with islanders to build sustainable responses to these challenges. We are currently supporting 19 projects in 14 states, for a total of US$139.0 million.

In Fiji we are helping small producers tap into niche markets for organic products. In 2013 Cicia Island was declared an organic island, and organic farming methods are now part of the high school curriculum. IFAD is helping farmers prepare certification for their organic coconut oil and thereby gain access to lucrative international markets.

“We are very much involved with agricultural activities, especially since the organic declaration,” says student Milika Waqavuni. “We take care of the environment, and likewise the environment will provide what we need.”

IFAD loans by lending terms and DSF grants, 1978-2014

Share of total of US$4 881.8 million

- Highly concessional loans: US$3 732.2 million - 76.5%
- Intermediate loans: US$607.5 million - 12.4%
- Ordinary loans: US$250.7 million - 5.1%
- Blend loans: US$65.1 million - 1.3%
- DSF grants: US$226.4 million - 4.6%

* Any discrepancy in totals is the result of rounding.
Reviving an ancient craft in rural Mexico

Rural communities in the southern Mexican state of Oaxaca had been producing silk since the sixteenth century, until logging came to dominate the economy in the twentieth. Since then, growing deforestation has become a major challenge. In response, IFAD, Mexico’s National Forestry Commission and the Global Environment Facility are working to create sustainable forestry initiatives through the Community-based Forestry Development Project in Southern States.

As part of this endeavour, the project is promoting the revival of silk production and processing, traditionally carried out by women. It provides training to support transfer of the craft from mother to daughter, making loans and grants available for investments in electric spinners and looms. It also helps producers to connect to larger markets.

The project’s most important contribution is in providing mulberry trees, which feed the silkworms. “This is the main thing,” says Irma Hernández García, a silkworm producer. “If we don’t have the plant, we can’t raise the worms.”

Zapotec indigenous women in Oaxaca are in charge of silk production, from raising the worms to producing the garments.

Latin America and the Caribbean

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

Portfolio management highlights

- 42 ongoing programmes and projects in partnership with 21 recipient governments at the end of 2014
- US$617.4 million invested by IFAD in the region’s ongoing portfolio
- US$4.0 million approved in 2014 for a new project in Uruguay
- 2 new results-based country strategic opportunities programmes (RB-COSOPs) for Ecuador and Mexico

Our work and results in 2014

Ecuador: IfAD promotes rural businesses and provides access to credit and business training, reaching more than 16,000 families; more than 40 per cent of participants are women

El Salvador: IFAD focuses on market access for family farmers and works with the government to support more than 300,000 small producers – as a result, small farmers from across the country are now selling to Súper Selectos, El Salvador’s second largest supermarket chain

Across the region: a new programme aims to improve the entrepreneurial skills of 1,000 young women and men in Belize, Cuba, the Dominican Republic, Grenada, Guyana and Haiti

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Mexico: Community-based Forestry Development Project in Southern States

©IFAD/Carla Francescutti
Improving irrigation helps save water and increase incomes in rural Turkey

Farmers in the Erzincan province of eastern Turkey have long struggled with limited water supplies. Traditionally they relied on flood irrigation to water their crops, but this proved costly and harmful in the long term, creating problems of salinity and alkalinity.

The IFAD-supported Sivas-Erzincan Development Project worked with farmers to modernize their irrigation technology. By investing in drip irrigation and communal hydrants, water-use efficiency has improved from 40 to 90 per cent.

More than 48,000 farmers have benefited from the new approaches to irrigation, agricultural production and marketing introduced by the project. Many have been able to more than double their yields of fruit and vegetables.

“We’ve stopped migration for now,” says Vahdettin Adiyaman, who grows walnuts to sell in the markets of Istanbul and also cultivates vegetables. “There are 70 young people in our village, and they all stayed.”

Vahdettin Adiyaman grew about 100 kg of eggplants in three months thanks to the new drip irrigation system

Turkey: Sivas-Erzincan Development Project

©IFAD/Nabil Mahaini
New programmes and projects

**West and Central Africa**  
**Harnessing the pride of youth in Mali**  
Every year in Mali, nearly 180,000 young rural people enter the labour force. Many leave their communities in search of opportunities. However, decent work is hard to find.

In 2014, IFAD launched the Rural Youth Vocational Training, Employment and Entrepreneurship Support Project known as “FIER” (which means “proud” in English) to provide vocational training to 100,000 young people.

Involving local agricultural producers as active partners in the project helps ensure that training provides the skills needed by potential employers and the market.

**East and Southern Africa**  
**Facing climate change and cutting post-harvest losses in Rwanda**  
Rising agricultural productivity has reduced poverty in Rwanda, but post-harvest losses as high as 30 per cent hamper progress. These losses are expected to increase because of the country’s dependence on rainfed agriculture and its vulnerability to climate change.

The IFAD-supported Post-Harvest and Agribusiness Support Project responds to climate challenges. The project will aid cooperatives, farmer organizations, small businesses and microenterprises in developing skills in marketing and value chain development. It will promote climate-resilient innovations and facilitate investments in low-carbon post-harvest procedures, drying, processing, storage and distribution. Initially targeting 32,000 households, it will support development of financial incentives and policies to bring investments in climate risk management to scale.

**Asia and the Pacific**  
**Establishing best agricultural practices in Myanmar**  
The first IFAD-supported activity in Myanmar started work in 2014. The project will create a sustainable agricultural development model for the central dry zone, home to many of the country’s poorest people.

It will provide more equitable access to irrigation water, while enabling farmers to diversify their crops. It will help producers obtain access to agricultural inputs, technologies, services and markets, and create business and employment opportunities for them.

The initiative introduces several innovations for Myanmar, including a participatory approach to land development, and a range of services and knowledge resources for smallholders and landless people. It aims to reach more than 37,000 households.

**Latin America and the Caribbean**  
**Helping coffee producers in Nicaragua adapt to climate change**  
Smallholder coffee producers in Nicaragua already suffer from low productivity and recent studies show that expected temperature increases will shrink the coffee-growing area. Farmers must adapt by producing coffee at higher altitudes, at higher temperatures and with less water.

In 2014, IFAD launched the Adapting to Markets and Climate Change Project, which will work with 40,000 families to improve productivity and enable them to adapt to changing conditions. It will provide technical assistance to farmers and strengthen relevant public institutions and policies. It will also improve weather information systems and help the public sector develop incentives for smallholders.

**Near East, North Africa and Europe**  
**Innovative partnerships in Sudan**  
Scaling up the results of an earlier project in Sudan, IFAD approved the Livestock Marketing and Resilience Programme in 2014. The new programme will help modernize the country’s livestock industry and expand the rural economy in project areas. It will also help increase beneficiaries’ resilience to natural and other shocks.

The initiative introduces some important innovations, including a direct approach to developing public-private-producer partnerships. Among its goals, the programme aims to double the average incomes of poor rural households, reduce chronic undernutrition in children by 25 per cent, help 60,000 rural people move out of poverty, and strengthen the climate resilience of 60,000 households.
Financing data and resource mobilization

Tenth Replenishment of IFAD’s Resources (2016-2018)

The Consultation on the Tenth Replenishment of IFAD’s Resources (IFAD10) began in February 2014 after the thirty-seventh session of the Governing Council. IFAD’s Member States held four Consultation sessions on IFAD10, during which priorities were agreed.

The Consultation agreed to a target of US$1.44 billion in new contributions to finance agriculture and rural development projects across the developing world. Achieving this target will enable IFAD to deliver a programme of work of about US$3.0 billion over the period 2016-2018, during which we plan to expand our reach to up to 130 million rural people. At 31 December 2014, total contribution pledges to IFAD10 amounted to more than US$1.02 billion, representing 71 per cent of the IFAD10 target.

Additional resource mobilization

Acknowledging the need to expand investment in rural people as we move towards the post-2015 Sustainable Development Goals, IFAD has stepped up efforts to explore resource mobilization from new sources and through new modalities. While core contributions through the replenishment process remain the main form of financing for the operations we support, several new partnerships have been forged, which diversify our resource mobilization portfolio.

Borrowing from sovereign sources

Responding to a strong demand for resources from Member States, we established an innovative partnership with Germany’s KfW Development Bank. Under the agreement, IFAD has access to up to €400 million of sovereign debt in 2014 and 2015 to finance projects within the ordinary loans portfolio. This will allow regular resources to be freed up and reallocated on highly concessional terms to those countries that are eligible, ensuring that all IFAD borrowing countries benefit.

IFAD’s programme of work

IFAD’s investment in ongoing projects in rural areas was worth US$5.4 billion in 2014. At 31 December, 224 projects were being implemented around the world, funded by IFAD in partnership with 99 recipient governments. External cofinancing and funds from domestic sources for the ongoing portfolio amounted to US$6.9 billion, bringing the total value of these projects to US$12.3 billion.

The ongoing portfolio of grant-funded operations was worth US$234.2 million at the end of 2014, with 272 grants operational in 128 countries. IFAD stand-alone grants support research, innovation, institutional change and pro-poor technologies.

In 2014, domestic contributions provided the bulk of cofinancing for newly approved projects and

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**IFAD loans by lending terms, and DSF grants, 2014**

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly concessional loans</td>
<td>US$309.8 million - 49.5%</td>
</tr>
<tr>
<td>Ordinary loans</td>
<td>US$166.0 million - 26.5%</td>
</tr>
<tr>
<td>Blend loans</td>
<td>US$74.4 million - 11.9%</td>
</tr>
<tr>
<td>DSF grants</td>
<td>US$75.5 million - 12.1%</td>
</tr>
</tbody>
</table>

Source: Grants and Investment Projects System.

**Regional distribution of IFAD financing for programmes and projects approved in 2014**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>West and Central Africa</td>
<td>US$157.8 million - 22.1%</td>
</tr>
<tr>
<td>East and Southern Africa</td>
<td>US$94.9 million - 13.3%</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>US$269.5 million - 37.8%</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>US$4.0 million - 0.6%</td>
</tr>
<tr>
<td>Near East, North Africa and Europe</td>
<td>US$187.3 million - 26.3%</td>
</tr>
</tbody>
</table>

Source: Grants and Investment Projects System.
Loans on highly concessional terms continue to make up the bulk of our financing for investment programmes and projects. About 50 per cent of new financing approved during the year was in the form of highly concessional loans – worth a total of US$309.8 million. Ordinary loans made up 26.5 per cent of the total, followed by debt sustainability framework (DSF) grants with 12.1 per cent and blend loans with 11.9 per cent.

We continue to prioritize assistance to least developed countries and countries with low food security. Of 2014 programme and project financing, 54.3 per cent was for low-income, food-deficit countries as classified by the Food and Agriculture Organization of the United Nations (FAO), and 40.7 per cent for least developed countries as classified by the United Nations.

Loans on highly concessional terms continue to make up the bulk of our financing for investment programmes and projects. About 50 per cent of new financing approved during the year was in the form of highly concessional loans – worth a total of US$309.8 million. Ordinary loans made up 26.5 per cent of the total, followed by debt sustainability framework (DSF) grants with 12.1 per cent and blend loans with 11.9 per cent.

Read the full Annual Report online: http://www.ifad.org/pub/ar/2014/e/index.htm

Source: Grants and Investment Projects System.

* Other cofinancing includes financing under basket or similar funding arrangements, financing from private-sector resources and financing that was not confirmed at the time of Executive Board approval.

Source: Grants and Investment Projects System.

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

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

amounted to US$601.4 million, an increase on the US$552.7 million of 2013. External cofinancing in 2014 amounted to US$238.0 million, which included US$128.0 million from multilateral partners and US$104.9 million from other sources, such as private-sector resources and basket funding.

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided nearly US$16.6 billion in grants and low-interest loans to projects that have reached about 445 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN’s food and agriculture hub.
Ahlam Ali Muftah on her pigeon farm in El Shohada village. She lives in a region that used to be desert before it was reclaimed by a development project that started work with funding from IFAD, the Government of Egypt and partners in 2002.