President’s foreword

Welcome to the third edition of IFAD’s Annual Report Highlights. Here we give a snapshot of what we do, where we work and, most importantly, who we work with.

IFAD invests in rural people and in the transformation of the rural space. We aim to drive inclusive and sustainable growth that will generate opportunities for decent work, particularly for young people. Today for the first time ever, the global population is split about 50-50 between rural and urban areas. Yet around the world, only a quarter of the people suffering extreme poverty live in towns and cities. Deprivation, hunger and malnutrition are predominantly rural.

Despite their poverty and their vulnerability, smallholder family farmers play a huge role in feeding the world. In areas of Asia and sub-Saharan Africa, for example, family farmers produce up to 80 per cent of the food. In India, smallholders contribute more than 50 per cent of total farm output, although they cultivate only 44 per cent of the land.

Recently updated estimates by FAO indicate that there are more than 500 million family farms worldwide. Smallholder family farmers are centre stage in 2014 – the International Year of Family Farming. We are working with our partners to push for policy changes at the country level that will enable these vital yet vulnerable people to earn a decent living off the land.

In 2013, IFAD had US$5.4 billion invested in an ongoing portfolio of 241 programmes and projects. External cofinancing and funds from domestic sources for the ongoing portfolio amounted to US$6.8 billion, bringing the total value of these programmes and projects to US$12.2 billion. 2013 was also the first year of the Ninth Replenishment period (IFAD9), and we stayed on track to meet commitments to Member States. Total pledges to IFAD9, including complementary contributions, surpassed US$1.41 billion, or 94 per cent of our target.

In 2014, we are holding the Consultation on the Tenth Replenishment of IFAD’s Resources (IFAD10), which will set our agenda for 2016-2018. Despite the substantial growth in our portfolio, the demand for IFAD’s services far outstrips supply. Hence a key element of the IFAD10 Consultation will be identifying innovative approaches and mechanisms to maximize our reach, mobilize additional resources and enhance our impact.

Take a look at our stories from the field to learn more about our work. This year we’re spotlighting rural finance in Armenia, scaling up in The Gambia, water management in Haiti, traditional crops for improved nutrition in India and young farmer Sandile Mkhabela’s mushroom-growing business in Swaziland. IFAD shares Mkhabela’s philosophy: “If you don’t stop, you can always find a way.”
IFAD-supported programmes and projects and IFAD country offices

Near East, North Africa and Europe
44 projects

- Albania 1
- Armenia 1
- Azerbaijan 2
- Bosnia and Herzegovina 1
- Djibouti 1
- Egypt 4
- Gaza and the West Bank 1
- Georgia 1
- Jordan 1
- Kyrgyzstan 2
- Lebanon 1
- Morocco 4
- Republic of Moldova 2
- Sudan 6
- Syrian Arab Republic 3
- Tajikistan 2
- Tunisia 2
- Turkey 3
- Uzbekistan 1
- Yemen 5

East and Southern Africa
44 projects

- Angola 1
- Botswana 1
- Burundi 3
- Cameroon 2
- Central African Republic 1
- Chad 2
- Congo 2
- Democratic Republic of the Congo 2
- Gabon 1
- Gambia (The) 1
- Ghana 4
- Guinea 3
- Liberia 2
- Mali 4
- Mauritania 3
- Niger 3
- Nigeria 3
- Sao Tome and Principe 1
- Senegal 2
- Sierra Leone 4
- Togo 1

Asia and the Pacific
60 projects

- Afghanistan 2
- Bangladesh 7
- Bhutan 1
- Cambodia 3
- China 6
- India 9
- Indonesia 4
- Lao People’s Democratic Republic 4
- Maldives 2
- Mongolia 1
- Nepal 5
- Pakistan 2
- Papua New Guinea 1
- Philippines 3
- Sri Lanka 3
- Timor-Leste 1
- Tonga 1
- Viet Nam 5

Latin America and the Caribbean
41 projects

- Argentina 3
- Belize 1
- Bolivia (Plurinational State of) 3
- Brazil 4
- Colombia 1
- Dominican Republic 2
- Ecuador 3
- El Salvador 3
- Grenada 1
- Guatemala 2
- Guyana 1
- Haiti 3
- Honduras 3
- Mexico 2
- Nicaragua 2
- Panama 1
- Paraguay 1
- Peru 3
- Venezuela (Bolivarian Republic of) 2

West and Central Africa
52 projects

- Benin 1
- Burkina Faso 4
- 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) 1
- Ghana 4
- Guinea 3
- Liberia 2
- Mali 4
- Mauritania 3
- Niger 3
- Nigeria 3
- Sao Tome and Principe 1
- Senegal 2
- Sierra Leone 4
- Togo 1

East and Southern Africa
44 projects

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

IFAD country offices
- 2013
- planned 2014-2015
Nationwide project scales up impact in The Gambia

A new project in The Gambia is scaling up proven land and water management practices across the country. Known in the Mandinka language as Nema – meaning prosperity – the IFAD-supported initiative builds on achievements made over 30 years in partnership with smallholder farmers. The project is crucial to The Gambia’s economic growth, given that agriculture employs over 70 per cent of the population and more than half of these workers are women.

“Women are the core rice and vegetable producers in The Gambia, and Nema has been designed by them and with them,” said Moses Abukari, IFAD’s country programme manager. “It will also create job opportunities for young people in agribusiness.”

Through Nema, IFAD is working with the Government to set up a monitoring and evaluation framework for the agriculture sector. To create a baseline map, local professionals are learning to apply earth observation technologies to monitor rice crops. This is part of a pilot partnership between IFAD, the European Space Agency and a private Swiss company.
Making money out of mushrooms

At age 29, Sandile Mkhabela saw his first mushroom. “I knew right away that there was something special about it,” he says. Three years later Mkhabela is most likely the only oyster mushroom producer in the lower Usuthu region of Swaziland. After receiving training, he created his “mushroom workshop” using plastic bottles, an old refrigerator and an unused shed.

With that Mkhabela had his business. He is one of thousands of young farmers who have benefited from a smallholder irrigation project cofinanced by IFAD, the Global Environment Facility, the Government of Swaziland and local communities.

Producing mushrooms requires simple technology, basic equipment, and not much water. Mushrooms are easy to cultivate and take a relatively short time to mature.

The idea of growing mushrooms is spreading. Mkhabela is currently training six other young people in his community. “I am starting to look at how to franchise my business. I am not going to stop – if you don’t stop, you can always find a way.”
Resurrecting a nutritious staple crop in India

In southern India, farmers have rediscovered a hardy, nutritious grain that was a staple crop 50 years ago. With up to 30 times more calcium than rice, millets can survive in harsh conditions, making them far more resilient to climate change than rice or wheat.

In the Kolli Hills in Tamil Nadu State, women formed a group to share their millet seeds. IFAD supported training in different farming methods and yields rose by 30 per cent. The project also provided grinding mills, slashing processing times.

To turn millet into a marketable brand, farmers wrote up recipes and opened a shop, and today their products are being distributed across the state. “Now we are earning money, which we use for our children’s education and our family expenses”, said farmer Latha Chandra Kumar.

Millet has also entered the national spotlight. India’s new food security bill lists minor millets as one of the crops the state buys directly from farmers for national distribution.
Empowering farmers to take charge of irrigation

Severe deforestation in Haiti means that rains easily sweep away soils and crops. In the valley of Nan Carré, past rehabilitation attempts produced limited and short-lived results. But now IFAD is working with the German NGO Weltungerhilfe (Agro Action Allemande) and the World Food Programme on a holistic and sustainable approach.

An ongoing irrigation project is helping farmers create watershed associations to care for irrigation systems and terraces. On the upper slopes and gullies, farmers have planted bananas, beans, potatoes, sugar cane and taro, alongside mango, papaya and avocado trees. The irrigated areas are reserved for cash crops such as aubergines, carrots, leeks, onions and tomatoes.

The project has rehabilitated more than 900 hectares of land, and created 16 irrigated systems. All told, 650 households can now achieve better food security and incomes.

"Before, we would plant and if there wasn’t enough rain – which was often – we lost everything," says farmer Oltin Saint Filet. "Now water is plentiful year-round.”
Fruitful investments stimulate growth in rural Armenia

Armenian company SIS Natural has been producing fruit juices since 2000. In 2012, it received financing from an IFAD-funded programme to buy technology for hygienic bottling and to train staff.

Through the Fund for Rural Economic Development in Armenia (FREDA), IFAD provides equity investments and subordinated loans to help stimulate economic growth. FREDA has also invested in a winery, fish farming, sheep and poultry production, and a milk-processing plant. The number of people employed by the FREDA investee companies has increased by 35 per cent and households selling to the companies have seen a 53 per cent increase in sales income.

SIS Natural buys many types of fruit and vegetables – including blackcurrants, apples, apricots, tomatoes, cherries and pomegranates. In 2012, after the investment enhanced its capacity, the company bought 1,100 tons of fresh fruit – nearly triple the amount purchased the previous year. The company is improving livelihoods and quality of life, both in the factory and among farmers.

Portfolio management highlights

- 44 ongoing programmes and projects in partnership with 19 recipient governments and Gaza and the West Bank in the region at the end of 2013
- US$785.2 million invested by IFAD in the region’s ongoing portfolio
- 4 new programmes and projects in Djibouti, Kyrgyzstan, the Republic of Moldova and Yemen for a total IFAD investment of US$83.9 million – this total includes 3 ASAP grants of US$6.0 million for the programme in Djibouti, US$10.0 million for the programme in Kyrgyzstan and US$10.2 million for the programme in Yemen

Our work and results in 2013

Gaza and the West Bank: 12 villages have reclaimed about 210 hectares and planted about 52,000 olive and fruit trees; improvements have benefited about 5,000 people by increasing the cultivated area, reducing soil erosion and improving the production of olive oil

Republic of Moldova: more than 1,000 micro, small and medium-sized enterprises gained access to financial services and markets; 29 market structures were built or upgraded, benefiting more than 105,000 rural people

Sudan: trained more than 15,000 rural people in the Gash Delta, over half of them women; expanded the average area cultivated by farmers by about 27 per cent
New programmes and projects

West and Central Africa
Scaling up work linking farmers to value chains in Senegal
The Agricultural Value Chains Support Project will focus on helping smallholders connect to value chains, scaling up good results from ongoing interventions in the country. It will also help young people set up small rural businesses.

The project will work to increase yields of rainfed crops such as millet, cowpeas and sesame and irrigated horticultural crops. Improved technologies for harvesting and storage will reduce wastage. Stronger farmer organizations will benefit from contracts with traders and market agents that guarantee higher prices.

The project will reach 25,000 farming households directly and about 250,000 individuals indirectly.

East and Southern Africa
New skills and technologies for young farmers in Madagascar
The Vocational Training and Agricultural Productivity Improvement Programme, also known as FORMAPROD, will ramp up agricultural productivity and modernize the sector. It provides training, particularly for youth, and aims to reach about 7 million people – about 20 per cent of the country’s population.

The programme will focus particularly on providing training and support to vulnerable groups, including young people who have not finished school and young women who are heads of households.

Working with other ongoing IFAD-supported projects, FORMAPROD will identify and train young farmers, agricultural technicians and extension agents, and support continuous vocational training in all 13 regions.

Asia and the Pacific
Building climate resilience in Bangladesh
Bangladesh is one of the most disaster-prone countries in the world. The new Coastal Climate-Resilient Infrastructure Project will strengthen the resilience of smallholder farmers, small traders, microentrepreneurs, landless people and destitute women in the face of climate change, and improve their food security and incomes.

Near East, North Africa and Europe
Sharing agricultural lessons across countries in the region
A grant-funded programme will strengthen South-South cooperation at the programme and policy levels in order to increase agricultural development, enhance food and water security and reduce poverty. The programme will target 1,000 young people and women working in agriculture in Algeria, Egypt, Morocco, Turkey and Uzbekistan. Participating farmers will share innovative solutions to saving water, cultivating water-efficient crops, breeding cattle and building resilience. Hungary will provide specific support in agricultural biotechnology.

At the policy level, the programme will build capacity for knowledge sharing among ministries of agriculture in the five participating countries. The United Nations Office for South-South Cooperation will work with local partners to document practical solutions and transferable technologies.

Latin America and the Caribbean
Strengthening cooperatives in Cuba
Cooperatives generate 80 per cent of Cuba’s agricultural production. To help modernize their capacities, the Cooperative Rural Development Project in the Oriental Region will work to increase the productivity of maize and bean producers and the organizations they belong to, improving living conditions for family farmers in 18 municipalities in the Oriental region of the country.

The project will also support agricultural service providers and enable them to meet the needs of maize and bean producers more effectively. It will directly benefit some 13,000 farming families. Another 104,000 people will benefit indirectly through improved services for grain production and processing.
Ninth Replenishment of IFAD’s Resources (2013-2015)

2013 was the first year of IFAD’s Ninth Replenishment period (IFAD9), for which Member States agreed to a target of US$1.5 billion in new contributions. The target represented a 25 per cent increase over IFAD’s Eighth Replenishment, and IFAD is currently financing a programme of loans and grants of US$2.95 billion over the three-year period. This target includes a thematic window to make the projects we support more climate-resilient through implementation of the Adaptation for Smallholder Agriculture Programme (ASAP).

For IFAD9, our programme of loans and grants – together with cofinancing funds, domestic contributions from entities operating in developing Member States, and other non-IFAD funds administered by IFAD – will be worth a total of US$7.5 billion in investments.

During 2013, we continued to identify strategic options for diversifying our resource mobilization instruments and building new partnerships in order to adapt to the changing global context of development finance. The exploration of new partnerships includes Islamic and ethical investors, and the private sector.

We formed a global strategic partnership with the Intel Corporation to support smallholders through mobile and IT farm extension services in Asia. At the beginning of 2014, we signed a public-private partnership agreement with Unilever aimed at financing data and resource mobilization strengthening the livelihoods of smallholder farmers around the world by boosting productivity, linking them to markets and building resilience.

IFAD’s programme of work

IFAD’s portfolio of ongoing programmes and projects continued to grow in value in 2013. At the end of the year, there were 241 programmes and projects at work around the world, funded by IFAD investments worth US$5.4 billion in partnership with 96 recipient governments and Gaza and the West Bank (see map). External cofinancing and funds from domestic sources for the ongoing portfolio amounted to US$6.8 billion, bringing the total value of these programmes and projects to US$12.2 billion.

We continue to prioritize assistance to least developed countries and countries with low food security. Of 2013 programme and project financing, 72.8 per cent was for low-income, food-deficit countries (as classified by FAO) and 52.6 per cent for the United Nations-classified least developed countries. From a regional perspective, IFAD’s two sub-Saharan African regions received 50 per cent of new financing for programmes and projects in 2013.

Cofinancing from our partners multiplies the value of the development interventions that we support. It includes resources from bilateral and multilateral donors, and domestic contributions from recipient...
Climate-smart interventions are being mainstreamed across all regions. During 2013, we approved US$103.2 million in grant financing for climate change adaptation efforts in 10 vulnerable countries under ASAP, which channels climate finance to smallholder farmers so that they can improve their resilience to climate change. The programme was launched in 2012 and won a 2013 Momentum for Change Lighthouse Activity award from the United Nations Climate Change Secretariat, recognizing IFAD’s innovative work.

Read the full Annual Report online: http://www.ifad.org/pub/ar/2013/e/index.htm

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided about US$15.8 billion in grants and low-interest loans to projects that have reached some 430 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome, the UN’s food and agriculture hub.
Dairy farmers John and Sonia Nshimirimana with their two children on their family farm in Mugitega hill, Bugendana, Burundi. Three years ago, the Nshimirimana family received one cow from the project. Today they have two milking cows that provide 19 litres of milk per day, and one calf. They sell 10 litres back to the dairy cooperative that they belong to and the remainder is consumed by the family or sold to their neighbours, some of whom are pictured here.

In order to receive cows from the project, farmers must be able to grow enough grass to feed them. They are helped to build a “zero-grazing” stall like the one in the picture and to set up a rainwater tank so that they have enough water for their livestock. The cow’s first calf is given to another farming family. The young couple share their success with other local farmers, serving as a model of improved dairy farming for the project. Manure from the cattle is used to fertilize banana plants, which are also grown on the farm.

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