Enabling poor rural people to overcome poverty

HIGHLIGHTS
ANNUAL REPORT
2012
Over the past four years, I have been privileged to lead IFAD as we transformed ourselves into a twenty-first century development agency. Today, we are recognized as leaders in the international community’s efforts to increase economic growth, reduce poverty and strengthen food security for smallholder farmers and poor rural people across the developing world.

I am pleased to present this second edition of Highlights from the IFAD Annual Report, which provides a concise, region-by-region overview of our achievements in 2012. In it you will also meet some of the many rural women and men we have supported in every region.

An important indicator of our progress is the steady growth in the size and value of our ongoing portfolio. Including IFAD funds and external and domestic cofinancing, total investments in ongoing programmes rose by over 50 per cent between 2009 and 2012, from US$7.9 billion to US$11.9 billion. This robust growth has helped to ensure that our initiatives have significant impact in the countries where we work.

In the three-year period 2010-2012, we also introduced a new business model and increased our field presence. At the end of 2012, we had 38 country offices, up from 25 in 2009.

IFAD now has a solid foundation for even greater growth in the next three-year period of 2013 to 2015, so we have set our sights significantly higher: enabling 80 million women and men to move out of poverty. We are committed to achieving this ambitious goal.

But we also recognize that to do so, we must scale up our partnerships at every level – locally, nationally, regionally and internationally.

IFAD's work supports investments that will continue to pay off long into the future – including investments in young people. Youth unemployment is one of today’s most pressing challenges around the globe. Developing the skills of young women and men in rural areas and creating decent work opportunities for them are among our top priorities.

In February 2013, I was re-elected to a second term as IFAD president. I am honoured and grateful for this vote of confidence. I look forward to working together with our members, staff and partners to consolidate the achievements and transformations of the past four years, which have put IFAD and our mission on the map. In the next phase of our work, I am committed to ensuring that IFAD remains at the forefront of agricultural development, championing innovative and sustainable solutions, and fostering rural enterprise.

President of IFAD

KANAYO F. NWANZE

President’s foreword
Number of ongoing programmes and projects by region and country at end 2012
255 programmes and projects
97 countries and Gaza and the West Bank

Near East, North Africa and Europe
46 projects
18 countries and Gaza and the West Bank
- Albania 2
- Armenia 2
- Azerbaijan 2
- Bosnia and Herzegovina 1
- Djibouti 1
- Egypt 4
- Gaza and the West Bank 1
- Georgia 1
- Jordan 1
- Kyrgyzstan 1
- Lebanon 1
- Morocco 4
- Republic of Moldova 3
- Sudan 6
- Syrian Arab Republic 3
- Tajikistan 2
- Tunisia 2
- Turkey 3
- Yemen 6

Asia and the Pacific
59 projects
19 countries
- Afghanistan 1
- Bangladesh 7
- Bhutan 1
- Cambodia 3
- China 5
- India 8
- Indonesia 4
- Lao People's Democratic Republic 4
- Maldives 2
- Mongolia 1
- Nepal 5
- Pakistan 2
- Papua New Guinea 1
- Philippines 3
- Solomon Islands 1
- Sri Lanka 5
- Timor-Leste 1
- Tonga 1
- Vietnam 4

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

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

East and Southern Africa
56 projects
18 countries
- Angola 1
- Botswana 1
- Burundi 4
- Comoros 1
- Eritrea 3
- Ethiopia 5
- Kenya 5
- Lesotho 2
- Madagascar 4
- Malawi 3
- Mauritius 1
- Mozambique 5
- Rwanda 4
- South Sudan 1
- Swaziland 2
- Uganda 5
- United Republic of Tanzania 5
- Zambia 4

IFAD country offices
- 2012
- planned 2013-2014
Pioneering direct farmer support in Guinea

Because Guinea’s farmers’ organizations have proved to be strong and well organized, a new IFAD-supported programme has taken the radical step of giving development funds directly to farmers. The programme provides funding, capacity-building, technical support and a partnership platform to allow farmers to determine how they will spend the funds and build up selected value chains.

In 2012, the programme distributed 20 tons of chemical fertilizer, 20 tons of improved seed and 100 litres of phytosanitary products to farmers, significantly increasing productivity. It introduced inexpensive lowland irrigation and established nurseries to increase access to high-yield planting materials.

Helping farmers help themselves out of poverty benefits Guinea as a whole, fostering economic growth, increased exports and decreased agricultural imports.

"Before it was each for himself," says Angèle Thea, a farmer in Forest Guinea. "Now we work together and help each other. And when we work together things happen faster. We can achieve much more."
Legal aid helps women in Burundi reclaim their rights

Maura Ntukamazina is one of over 1,000 Burundian women who have benefited from the Legal Empowerment of Women Programme, an IFAD initiative supported by the Canadian International Development Agency.

The programme gave legal training to family development centres in the provinces of Kayanza and Gitega. The centres spread awareness of women’s rights among women leaders and the broader population, making it easier to advocate for vulnerable women, girls and orphans.

After her sister died, Ntukamazina’s relations beat her and forced her out of her home. The family development centre in Kayanza intervened on her behalf, helping her to regain possession of her property. With her farm back, she can once again feed her entire family and send her children to school.

“The law has gained in strength because women are starting to break free from customs,” says Desirée Bizimana, Kayanza’s legal aid officer. “Husbands and family circles also understand that women are protected and have support.”
Revitalizing cocoa production in Indonesia

In partnership with the Indonesian Government and IFAD, the Mars Sustainable Cocoa Initiative is working to reverse a decline in cocoa production using IFAD’s Rural Empowerment and Agricultural Development Programme as an entry point to reach farmers.

In 2011, the Mars company established a cocoa development centre in Sulawesi province to teach better cultivation techniques. By investing millions of dollars in research, education and cocoa certification, Mars has already seen success with the small farm model. Some farmers have raised their annual profit from US$700 to US$3,500.

“I’ve already been able to increase my yield by 50 per cent,” says Mimi Abudohe, who has farmed cocoa for over 15 years. Abudohe’s success inspired the interest of her neighbours, who are now learning at the centre, too.

Anticipating the project’s next phase, Abudohe says, “I’m excited, I’ve already built my own nursery at home so I can start growing the new hybrid trees!”

A cocoa producer spreads her crop to dry in the sun in Sidole, Central Sulawesi

Indonesia: Rural Empowerment and Agricultural Development Programme

©IFAD/Roger Arnold

Asia and the Pacific

31 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, Nepal, Niue, Pakistan, Papua New Guinea, Philippines, Republic of Korea, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Viet Nam

Portfolio management highlights

• 59 ongoing programmes and projects in 19 countries in the region at the end of 2012
• US$1,592.8 million invested by IFAD in the region’s ongoing portfolio
• 10 new programmes and projects in Afghanistan, Cambodia, China (2 new projects), India, Indonesia, Maldives, Nepal, the Philippines and Tonga for a total IFAD investment of US$328.4 million

Our work and results in 2012

Bangladesh: supported microfinance services to create more robust livelihoods in rural areas – enabling over 200,000 women to establish livestock businesses and increase their assets

India: almost 1.6 million women participated in IFAD-supported projects, with some 900,000 receiving training and nearly 920,000 active borrowers

Viet Nam: helped increase rice productivity in mountainous areas from 2 to 5 tons per hectare, and maize from about 1 ton to over 3 tons; households suffering from food insecurity dropped from 49 per cent in 2006 to 18 per cent in 2011

Across the region: improved food security by strengthening agricultural productivity – about 100,000 farmers adopted recommended agricultural technologies and 91,000 reported increased yields

Loan disbursements by lending terms and DSF disbursements, 1979-2012

Share of total of US$2,974.4 million

DSF grants: US$54.1 million - 2%
Highly concessional loans: US$2,502.0 million - 84%
Intermediate loans: US$410.3 million - 14%
Ordinary loans: US$8.0 million - 0.3%

* Loan disbursements relate solely to Regular Programme loans. Any discrepancy in totals is the result of rounding.

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Focus on youth: fostering young rural talent in Nicaragua

“We never imagined we would ever be small business owners,” says 20-year-old Xenia Centeno, a successful agro-industrial engineer working with a Nicaraguan winery cooperative. “This truly is an achievement.”

Thanks to the US$25 million IFAD-supported Programme for the Economic Development of the Dry Region of Nicaragua (PRODESEC), which closed in 2011, IFAD has enabled young women and men in rural areas to earn decent livelihoods.

PRODESEC supported over 400 business plans designed to generate rural employment, with about 20 per cent of those plans creating new jobs specifically for individuals under the age of 29. It provided technical and financial support to over 300 enterprises and worked with about 250 agro-industrial businesses.

Centeno’s cooperative invested in a new wine press, corking device, processing centre and storage facility. She and other young entrepreneurs participated in training seminars in business management, bookkeeping and accounting. As a result, the cooperative has increased production, improved wine quality and raised incomes.
Women help restore land and revive the rural economy in Sudan

In Sudan’s Butana region, women have joined hands to protect and restore their community’s grazing land. In 2010, an IFAD-supported project to revitalize a large tract of fenced land near the town of As-Subagh helped eight local women heads of household to farm inside the fence. The project gave them goats and starter seed for fodder, and built water-harvesting structures to irrigate their plots. It also provided training in seed collection, extraction and storage, microproject planning and management.

The women organized themselves into teams to tend the land. After the harvest, they sold surplus animals, seed and fodder. With their profits, they paid school fees and bought mobile phones and household necessities.

Today, the women of As-Subagh are better able to provide for their families, and they play a larger role in their community. Other women are following their example. And the fenced land has become Butana’s main source of rangeland seed for natural dispersion and regeneration.

Portfolio management highlights

- 46 ongoing programmes and projects in 18 countries in the region and Gaza and the West Bank at the end of 2012
- US$787.7 million invested by IFAD in the region’s ongoing portfolio
- 4 new programmes and projects in Kyrgyzstan, Tunisia, Turkey and Uzbekistan for a total IFAD investment of US$70.1 million

Our work and results in 2012

Egypt: improved the incomes and food security of 36,000 producer households in West Noubaria by establishing farmers’ marketing associations and providing training in market requirements; farm-gate prices increased by up to 33 per cent

Morocco: created 60 pastoral management cooperatives and three unions, improving management of 3.8 million hectares of rangeland in eastern Morocco

Republic of Moldova: issued over 2,000 loans since 1999 to small and medium-sized rural businesses through commercial banks, and to small and microenterprises through savings and credit associations, generating some 17,000 new jobs

Somaliland: constructed nine sand storage dams, increasing water availability for over 3,600 households

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New programmes and projects

**West and Central Africa**

*Forging value chains in Nigeria*

Some 15,000 Nigerian smallholder households, 600 farmers’ organizations, 1,600 processors and 800 traders will benefit from the Value Chain Development Programme. It will strengthen actors along the cassava and rice value chains – producers, processors and their organizations – and ‘enablers’ such as public and private institutions, service providers and regulators. The programme will repair 200 kilometres of feeder roads and build as many new ones, plus 100 new bridges and 200 culverts. It will rehabilitate 24 water supply schemes and construct 36 new ones; repair 2,500 hectares of irrigation schemes; and protect 30,000 hectares of land from seasonal flooding.

**East and Southern Africa**

*Climate-resilient farming in Mozambique*

The Pro-Poor Value Chain Development Project in Mozambique’s Maputo and Limpopo Corridors will introduce improved farming techniques and new marketing approaches to the horticulture, cassava and livestock value chains.

Climate resilience is fully integrated into the project, which is partly funded by a grant from IFAD’s newly launched multi-donor Adaptation for Smallholder Agriculture Programme and a loan from the IFAD Spanish Food Security Cofinancing Facility Trust Fund.

The project will rehabilitate the land of some 3,800 vegetable farmers, finance 200 small greenhouses and establish water users’ associations. It will create outgrower schemes for 8,000 cassava farmers and promote drought-tolerant planting materials.

**Asia and the Pacific**

*Scaling up innovation in Tonga*

The Tonga Rural Innovation Project scales up innovations piloted in Fiji, Kiribati and Tonga to strengthen livelihoods in 60 vulnerable rural communities. Through a holistic approach that targets both business and community development, the project expects to raise the incomes of vulnerable rural households and improve sustainable livelihoods. It will help prepare community development plans and provide grants to build, restore and maintain productive infrastructure. It will also work with commercial banks to promote investment in agriculture and rural businesses. The project will reach about 17,000 people in extremely poor and marginal households throughout the archipelago of Tonga.

**Latin America and the Caribbean**

*Repairing the socio-economic fabric of Colombia*

The Building Rural Entrepreneurial Capacities: Trust and Opportunity Project will strengthen food security, improve access to financial and community services, and increase incomes of small-scale producers in 17 Colombian departments. It will build the entrepreneurial capacities of over 50,000 poor rural people, especially at-risk groups, including women, indigenous peoples, Afro-Colombians, young people and families displaced by internal conflict. The project will introduce innovations such as mobile banking in remote rural areas and a special fund to support youth enterprise.

**Near East, North Africa and Europe**

*Social enterprises create jobs for rural youth*

The Scaling Up IFAD Rural Youth Employment Interventions Programme will focus on young people in rural areas of Egypt, Morocco, Tunisia and Yemen. It enables two social enterprises – Making Cents International and Silatech – to foster employment and entrepreneurial opportunities for low-income young people in rural areas. Over a third of the participants will be young women and adolescent girls, who face particular challenges in accessing financial and other services. This regional programme replicates proven approaches from Eastern Europe and the former Soviet Union, where the private sector has a successful track record creating jobs for young rural people in small and medium-sized enterprises.

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

A target of US$1.5 billion was agreed for IFAD9. This will help finance a programme of work of US$2.95 billion, with 40 to 50 per cent of these resources being channelled to sub-Saharan Africa.

Thanks to the commitment of IFAD’s Member States, IFAD9 became effective on 30 November 2012. A replenishment becomes effective when IFAD has received half the funds pledged. By the end of December, Member States had pledged a total of US$1,386 million, 92 per cent of the replenishment target. Instruments of contribution deposited totalled US$1,001 million, and actual payments amounted to US$406 million.

For IFAD9, we have established a cofinancing ratio target of 1:1.6. This means that our programme of work (US$2.95 billion), together with cofinancing funds, domestic contributions, and other non-IFAD funds administered by IFAD, will be worth a total of US$7.9 billion.

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

IFAD8 concluded on 31 December 2012. By this date, Member States had pledged a total of US$1,056 million, 88 per cent of the replenishment target. Instruments of contribution deposited totalled US$1,048 million and actual payments amounted to US$1,048 million. IFAD’s three-year US$3.0 billion programme of work for IFAD8, combined with cofinancing, resulted in total investments in agricultural development, poverty reduction and improved food security of US$7.5 billion.

IFAD’s programme of work

The size and value of our ongoing portfolio has been increasing steadily, as new programmes and projects begin, successful interventions are scaled up and cofinancing support from our partners grows. At the end of 2012, we were financing 255 ongoing programmes and projects with IFAD investments of US$5.3 billion. (See where we work in the map on page 3.) External cofinancing and funds from domestic sources for the ongoing portfolio amounted to US$6.6 billion, bringing the total value to US$11.9 billion. This is a 50 per cent increase over the total value of the ongoing portfolio at the end of 2009 – just before the IFAD8 period got under way. In 2012, IFAD’s two sub-Saharan African regions – West and Central Africa, and East and Southern Africa – together accounted for 111 ongoing programmes and projects, with a total IFAD investment of US$2.3 billion.

Thirty-three new programmes and projects were approved in 2012 with IFAD funding worth US$988.2 million.
The International Fund for Agricultural Development (IFAD) works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested about US$14.9 billion in grants and low-interest loans to developing countries through projects empowering over 410 million people to break out of poverty, thereby helping to create vibrant rural communities. IFAD is an international financial institution and a specialized UN agency based in Rome – the United Nations’ food and agriculture hub. It is a unique partnership of 172 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD).
Cover: Villagers use a makeshift bamboo bridge to cross the water during monsoon season in Bishambarpur, Sunamganj, Bangladesh. Sunamganj Community Based Resource Management Project ©IFAD/GMB Akash