

CLIMATE ACTION REPORT 2018

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2018

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Prepared by Soma Chakrabarti, Independent Consultant.

Internal reviews and technical inputs at IFAD by: Margarita Astralaga, (Director, Environment, Climate, Gender and Social Inclusion Division); Gabriela Aguilar, Programme Analyst (Latin America and the Caribbean Division); Stenio Andrade, Consultant (Environment, Climate, Gender and Social Inclusion Division); Aslihan Arslan, Senior Economist, Research and Impact Assessment Division; Alice Brie, Environment and Climate Change Consultant (West and Central Africa Division); Samir Rayess Calvo, Consultant (East and Southern Africa Division); Romina Cavatassi, Senior Economist (Research and Impact Assessment Division); Paxina Chileshe, Climate Change Adaptation Specialist (Environment, Climate, Gender and Social Inclusion Division); Roshan Cooke, Regional Climate and Environment Specialist (Asia and the Pacific Division); Barbara Cooney, Natural Resources Management and Climate Change Consultant (Environment, Climate, Gender and Social Inclusion Division), Estibalitz Morrás Dimas, Environment and Climate Portfolio Officer (Environment, Climate, Gender and Social Inclusion Division); Ilaria Firmian, Environment and Climate Knowledge Officer (Environment, Climate, Gender and Social Inclusion Division); Daniel Higgins, Consultant (Research and Impact Assessment Division); Mikael Kauttu, Programme Officer (Near East, North Africa and Europe Division); Liza Leclerc, Lead Technical Specialist (Environment, Climate, Gender and Social Inclusion Division); Mia Madsen, Associate Programme Officer (Near East, North Africa and Europe Division); Oliver Page, Regional Climate and Environment Specialist (Latin America and the Caribbean Division); Adriana Paolantonio, Economist (Environment, Climate, Gender and Social Inclusion Division); Eric Patrick, Climate Change Adaptation Specialist (Environment, Climate, Gender and Social Inclusion Division); Ilario Rea, Consultant (East and Southern Africa Division); Claus Reiner, Country Director (Latin America and the Caribbean Division); Leonardo Bichara Rocha, Country Programme Officer (Latin America and the Caribbean Division); Karan Sehgal, Consultant – APR Renewable Energies (Environment, Climate, Gender and Social Inclusion Division); Amath Pathé Sene, Regional Climate and Environment Specialist (West and Central Africa Division); Lapo Sermoniti, Consultant (Environment, Climate, Gender and Social Inclusion Division); Ricci Symons, Consultant (Environment, Climate, Gender and Social Inclusion Division); Nicolas Tremblay, Lead Technical Specialist, Environment and Climate (Near East, North Africa and Europe Division); Steve Twomlow, Regional Climate and Environment Specialist (East and Southern Africa Division).

External inputs: Francesco Carocci, Project Manager Sustainable Green Fuel Enterprises (Cambodia); Ngeth Senglay, Solar Engineer, EcoSun (Cambodia).

Editorially reviewed by: Brian Thomson, Senior Communications and Advocacy Specialist (Environment, Climate, Gender and Social Inclusion Division).

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Abbreviations and acronyms

4Ps	public-private-producer partnership
AMA	Accreditation Master Agreement
ASAP	Adaptation for Smallholder Agriculture Programme
ASEAN	Association of Southeast Asian Nations
BIRDP	Butana Integrated Rural Development Project
CACHET	Climate and Commodity Hedging to Enable Transformation
COSOP	country strategic opportunities programme
DECOFOS	Mexico: Community-based Forestry Development Project in the Southern States (Campeche, Chiapas and Oaxaca)
EFA	economic and financial analysis
EX-ACT	Ex-Ante Carbon-balance Tool
FAO	Food and Agriculture Organization of the United Nations
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	greenhouse gas
GIS	geographic information system
IFAD	International Fund for Agricultural Development
IFAD11	Eleventh Replenishment of IFAD's Resources
IPCC	Intergovernmental Panel on Climate Change
LDCF	Least Developed Countries Fund
MDB	Multilateral Development Bank
NDC	Nationally Determined Contribution
ORMS	Operational Results Management System
PoLG	Programme of Loans and Grants
PROCASE	Cariri and Seridó Sustainable Development Project
SDG	Sustainable Development Goal
SECAP	Social, Environmental and Climate Assessment Procedures
UCC	unrestricted complementary contribution
UNFCCC	United Nations Framework Convention on Climate Change
WFP	World Food Programme



Foreword

The number of undernourished people in the world has been rising since 2014, reaching an estimated 821 million in 2017, up from around 804 million in 2016, according to *The State of Food Security and Nutrition in the World 2018* (FAO et al., 2018),¹ which states that:

Climate variability and extremes are a key driver behind the recent rise in global hunger and one of the leading causes of severe food crises.

There is strong evidence that climate change is already undermining production of major crops such as wheat, maize and rice. Globally, climate-related disasters represent 80 per cent of all disasters, and droughts in particular are creating the largest losses and damages in the agriculture sector. Climate change is affecting all dimensions of food security and nutrition, including food availability, access, utilization and stability (FAO et al., 2018), increasing human insecurity and placing increased strain on already strained resources at all levels. Current trends in greenhouse gas emissions mean that climate change impacts will only increase. The recent Intergovernmental Panel on Climate Change (IPCC) Special Report² highlights the growing threat to health, livelihoods, food security, water supply, human security and economic growth.

The impacts of climate change go well beyond affecting production, to affecting the entire value chain, such as processing and consumption. Indeed, IFAD's vision of "inclusive and sustainable rural transformation" (IFAD, 2016) embraces rural development more broadly, and its transformation agenda seeks synergies between climate change and environment and other mainstreaming themes such as gender, youth and nutrition. Through this more comprehensive approach, IFAD will be a key contributor to the achievement of countries' objectives to achieve the Sustainable Development Goals and the Paris Agreement on climate change (United Nations, 2015). IFAD plays a critical role in channelling investment to smallholders and rural communities and in addressing the climate change challenges and opportunities they face. Investing in climate-related risk reduction ultimately saves much more in avoided disaster impacts, including damage to food crops.

This *Climate Action Report* aims to present an overview of how IFAD is working to put into action its climate change mainstreaming agenda. It is intended not as a comprehensive review of its portfolio, but rather to provide its stakeholders with an understanding of how IFAD is stepping up its efforts and ambitions to contribute to addressing one of the greatest challenges faced, most acutely, by the rural poor.

This report focuses on recent progress in 2017 and early 2018, which is critical in the lead-up to the Eleventh Replenishment of IFAD's Resources (IFAD11), and the achievements of its increased ambitions. This report complements the IFAD Annual Report for 2017 (IFAD, 2018a) and the *Report on IFAD's Development Effectiveness for 2018* (IFAD, 2018b).

1 The State of Food Security and Nutrition in the World 2018 (FAO, IFAD, UNICEF, WFP and WHO, 2018).

2 <http://www.ipcc.ch/report/sr15/>.

The “Advantage” series also presents IFAD experiences in climate change from different perspectives such as youth, gender, policy, nutrition and mitigation, as well as related issues such as biodiversity and drylands.

IFAD hopes that you will find this first *Climate Action Report* useful, and that it sparks further dialogue and joint action with IFAD.

IFAD's climate actions: key messages

IFAD is undertaking the following climate actions to boost smallholder resilience to climate change impacts in the context of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals:

Reaching out to more smallholders, aiming to increase the resilience, including climate resilience, of 24 million poor rural people.

Increasing national capacity to deliver on the Paris Agreement and Sustainable Development Goal 13 for climate action through greater on-the-ground presence and increased capacity development of national actors.

Deepening the climate focus of its investments, moving forward from climate-sensitive investments and aiming for at least a quarter of investments to be climate-focused by 2021.

Expanding partnerships, including with the private sector and the Green Climate Fund, and building on established partnerships with the Global Environment Facility (GEF) and the GEF-managed adaptation funds (the Least Developed Countries Fund, the Special Climate Change Fund), and the Adaptation Fund in order to bring innovative climate finance and services to smallholders.

Stepping up advocacy for the urgent adaptation needs and significant mitigation potential of smallholder agriculture to be reflected in global forums and climate financing commitments.

Reforming its policies and mechanisms to reflect a "climate lens", including its current Strategic Framework, a new Environment and Climate Change Strategy, strengthened Social, Environmental and Climate Assessment Procedures to reduce climate risk and to leverage opportunities, and the adoption of a common Multilateral Development Bank (MDB) methodology to accurately track climate finance flows.

Strengthening the integration of climate change with nutrition, and women's and youth empowerment for holistic programming that leverages their synergies and promotes inclusive and sustainable rural transformation.

Enabling inclusive and sustainable rural transformation

The 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) present an ambitious and not-to-be-missed opportunity to end poverty, hunger and malnutrition, and inequality. SDG 13 specifically calls for urgent action to combat climate change and its impacts. The 2015 Paris Agreement under the United Nations Framework Convention on Climate Change³ specifically points to the close relationship between climate change and food production in one of its aims: “Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas (GHG) emissions development, in a manner that does not threaten food production.” The historic Koronivia Decision⁴ further reflects global recognition that agriculture is central to tackling climate change.

IFAD’s climate-related investments have always adopted a multiple benefits approach and therefore contribute to multiple SDGs. All investments contribute to the SDGs on eliminating poverty and hunger, and the great majority also contribute to the goals on gender equality, life on land, water management, decent work and economic growth, and sustainable consumption and production. When it comes to SDG 13 on climate action, 100 per cent of IFAD-supported investments include a climate risk rating and measures to address high levels of risk, thereby aiming for climate-smart and climate-resilient results even without dedicated climate finance.

Agriculture and its value chain, primary to the livelihoods of the majority of the world’s poor and central to IFAD’s mandate, are highly vulnerable to the impacts of climate change. Climate change also affects rural development more broadly. Rural areas are uniquely vulnerable to the impacts of climate change because of their greater dependence on agriculture, especially rainfed agriculture, and natural resources, making them highly sensitive to climate variability, extreme climate events and climate change. Extreme events can affect rural infrastructure and make secondary industries and off-farm livelihoods untenable by disrupting market access and heightening the isolation of rural areas. Climate impacts may exacerbate migration away from rural areas, also depleting rural adaptation capacities in the long term. Rural areas vulnerable to climate change impacts may also have difficulty attracting investment and, even in areas at less risk, new investments may not be integrated into local structures, and local communities may become more vulnerable as they lose access to vital assets such as land and water (IPCC, 2014). In addition, existing vulnerabilities caused by poverty, lower levels of education, marginalization and neglect by policymakers can all aggravate climate change impacts. But rural people also possess unique adaptive capacities. They have adapted their farming practices, diversified their

³ See Article 2 of the Paris Agreement.

⁴ The 23rd Conference of Parties to the UNFCCC (COP 23) adopted a landmark decision (4/CP.23) which emphasizes the key role of agriculture and food security in the international climate change agenda. It established the Koronivia Joint Work on Agriculture to develop and implement new strategies for adaptation and mitigation within the agriculture sector that will help reduce emissions from the sector as well as build its resilience to the effects of climate change. See: <https://unfccc.int/sites/default/files/resource/docs/2017/cop23/eng/11a01.pdf>.

Figure 1: IFAD environment and climate work aligned with the SDGs



livelihoods and also developed informal institutions for risk sharing and risk management (IPCC, 2014).

At the same time, food systems contribute between 19 and 29 per cent of total global GHG emissions.⁵ Agriculture, forestry and land use as an economic sector is the second-largest direct contributor to global GHG emissions, mainly from deforestation and agricultural emissions from soil, nutrient management and livestock,⁶ often driven by pressures to meet food needs.

5 <https://ccafs.cgiar.org/bigfacts/#theme=food-emissions&subtheme=direct-agriculture>.

6 https://www.ipcc.ch/pdf/assessment-report/ar5/wg3/ipcc_wg3_ar5_summary-for-policy-makers.pdf.

With the global population projected to increase to 9.5 billion people by 2050 and the demand for food expected to grow by more than 50 per cent, there is increasing pressure on the agricultural sector to feed a growing population (High-Level Expert Forum, 2009). Most of the world's poor – some 900 million – are living in rural areas, and most rely on farming to survive and prosper (FAO, 2018). Smallholder farmers are the main producers of food globally and provide 60 to 80 per cent of the food produced in developing countries.⁷ Smallholders are therefore key to addressing the multiple challenges of food security and climate change for the benefit of sustainable rural development. In addition to adapting to a changing climate, smallholders can also contribute to the goal of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit this to 1.5 °C above pre-industrial levels.

IFAD scaling up to meet the challenge

Leaving no one behind is central to the 2030 Agenda and to IFAD's mandate. Inclusive and sustainable rural transformation – where rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods – is the overarching goal of IFAD's Strategic Framework 2016-2025. The inclusive and sustainable transformation goal's aim is to generate improved and more resilient livelihoods for all poor rural people, including smallholder farmers, land-poor and landless workers, women and youth, marginalized ethnic groups, and victims of disaster and conflict, while protecting the natural resource base. As rural economies develop, agriculture moves away from being primarily a direct employer and becomes a driver of rural manufacturing and employment, broadening rural investment opportunities and spurring rural transformation.⁸ IFAD sees social inclusion as key to mobilizing the potential of smallholders as agents of change in climate change adaptation and mitigation, for healthier ecosystems, improved nutrition and better livelihoods. It has been IFAD's experience that a focus on women, youth and indigenous peoples can help to unlock these groups' unique knowledge about these issues and their implications at the local level, and also better addresses their specific vulnerabilities. Targeted actions to empower women, especially young women, have been shown to improve the management of the environment and its resources, and also to improve the nutrition of children.

IFAD has steadily enhanced and scaled up its work, and indeed its climate change commitments to its stakeholders. In 2014, IFAD committed to a 10-point climate mainstreaming plan⁹ to enhance climate resilience and environmental sustainability across all IFAD country strategies and investments by 2018 and has undertaken a number of actions to achieve this. Building on this, for the Eleventh Replenishment of IFAD's Resources (IFAD11) (2019-2021), IFAD has committed to updating its environment and climate change strategy and action plan to reflect the evolving global and national policy priorities described above. Furthermore, to more closely align with national climate change priorities and contribute to achieving the goals of the Paris Agreement, IFAD will ensure that nationally determined contribution (NDC) targets are analysed in the preparation of all new

⁷ <https://www.ifad.org/web/guest/crops>.

⁸ Report of the Consultation on the Eleventh Replenishment of IFAD's Resources, Leaving no one behind: IFAD's role in the 2030 Agenda (IFAD11/5/INF.2).

⁹ See "Climate mainstreaming in IFAD-funded programmes" (EB 2016/118/R.16), <https://webapps.ifad.org/members/eb/118/docs/EB-2016-118-R-16.pdf>.

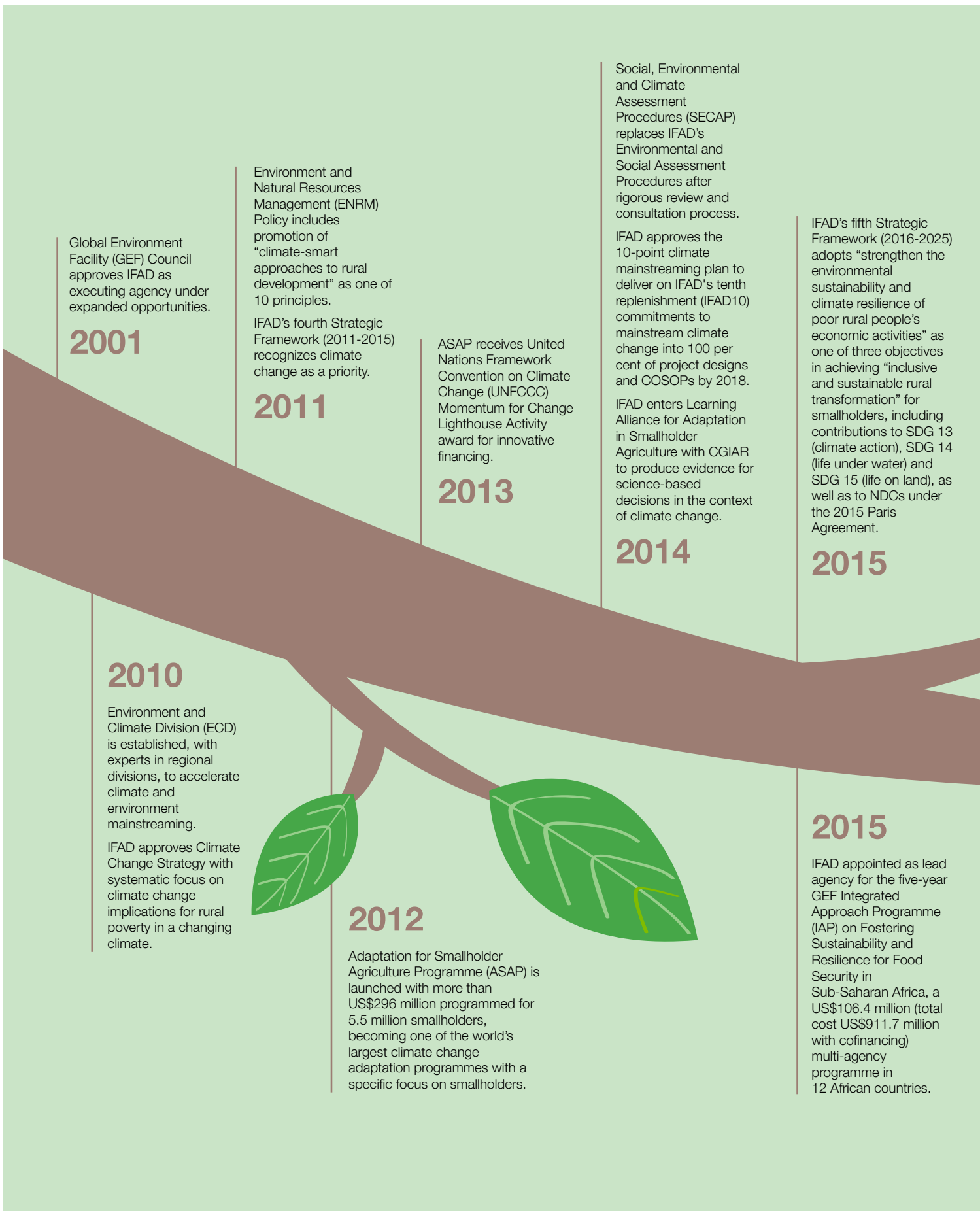
Country Strategic Opportunities Programmes (COSOPs) and Country Strategy Notes (CSNs) in IFAD11, building again on existing successes to incorporate climate change assessments into their preparation. Finally, 25 per cent of the Programme of Loans and Grants (PoLG) in IFAD 11 will be climate-focused and will be tracked by applying the MDB methodology for tracking climate finance.

In order to translate these commitments into action, IFAD has been undertaking work in three main areas, which are described in this report:

1. **Continuous improvements of its mainstreaming tools and knowledge for greater impact**, in order to maximize the opportunities for climate action across the portfolio. These are important achievements, as they ensure that all opportunities for adaptation and mitigation are identified and seized. The next section describes some of this work.
2. **Continuing to support the implementation of its existing portfolio**, consolidating lessons learned and enhancing quality to achieve better results. A regional snapshot of some more recent results and voices from the field can be found in the section on implementing IFAD's portfolio.
3. **Scaling up new programming and investments**, including expanding partnerships and strategically programming new resources. The final section of this report summarizes this area in action.

The timeline shown in Figure 2 illustrates the significant evolution in climate change mainstreaming in IFAD since 2001, reflected in greater institutionalization of its processes and operations and an acceleration of its efforts. Looking ahead, IFAD is aiming to also seek horizontal synergies across climate change and environment, gender, nutrition and youth, which are captured by the creation of a new division managing all of these issues. Integrating climate change with social benefits is a key pathway to the transformations needed to address climate change mitigation and adaptation in order to achieve sustainable development objectives.

Figure 2: History of climate mainstreaming in IFAD



**2019–2021
IFAD's eleventh
replenishment
(IFAD11)
commitments**



Analysis of 13 ASAP projects using Food and Agriculture Organization of the United Nations (FAO) Ex-Ante Carbon-balance Tool (EX-ACT) indicates the potential mitigation co-benefits of up to 30 million tons of CO₂ equivalent sequestered/avoided over a 20-year time frame.

2015

100 per cent COSOPs and CSNs screen for climate risks based on application of SECAP

ASAP2 launched to help poor rural household members to cope with the effects of climate change through upstream technical assistance.

SECAP updated with more guidance and to integrate mainstreaming themes.

2017

Preliminary framework for transformational approaches to the mainstreaming themes (environment and climate change, gender, indigenous people, nutrition and youth).

100 per cent of COSOPs and CSNs to support NDCs.

IFAD's first climate finance report to be issued utilizing the MDB methodology on tracking climate finance.

2019

25 per cent of IFAD loans and grants to be "climate-focused".

2021

2025

24 million smallholders' resilience, including climate resilience, to be increased.

2016

Climate-related indicators are integrated into new core indicators of IFAD's Results and Impact Management System.

IFAD is accredited to the Green Climate Fund.

2018

Environment and Climate Division becomes Environment, Climate, Gender and Social Inclusion Division to intensify integrated mainstreaming.

Gender assessment and learning review of ASAP highlight corporate mechanisms and increased learning as key to making climate-sensitive projects transformative in terms of gender outcomes.

IFAD and Green Climate Fund sign an Accreditation Master Agreement, opening the door for IFAD to submit funding proposals.

Updated IFAD Strategy and Action Plan on Environment and Climate Change 2019-2025 to be approved by the IFAD Executive Board.

Enhancing climate change mainstreaming tools for greater impact

Over the last 10 years IFAD has been progressively mainstreaming climate change into the fabric of its operations. The lead-up to the beginning of IFAD11 has seen a ramping up of these efforts in preparation for achieving its increased ambitions. Lessons and experiences are being generated from the ongoing climate change portfolio and serve as a basis for continued improvements in its mainstreaming approaches. These are important achievements, as they create the tools needed to maximize the financial and technical support needed to reduce the risks associated with climate change and to draw benefits to smallholders. This section summarizes a number of these tools and processes that serve as the backbone to climate change mainstreaming and that have been the focus of IFAD's improvements in the past few years.

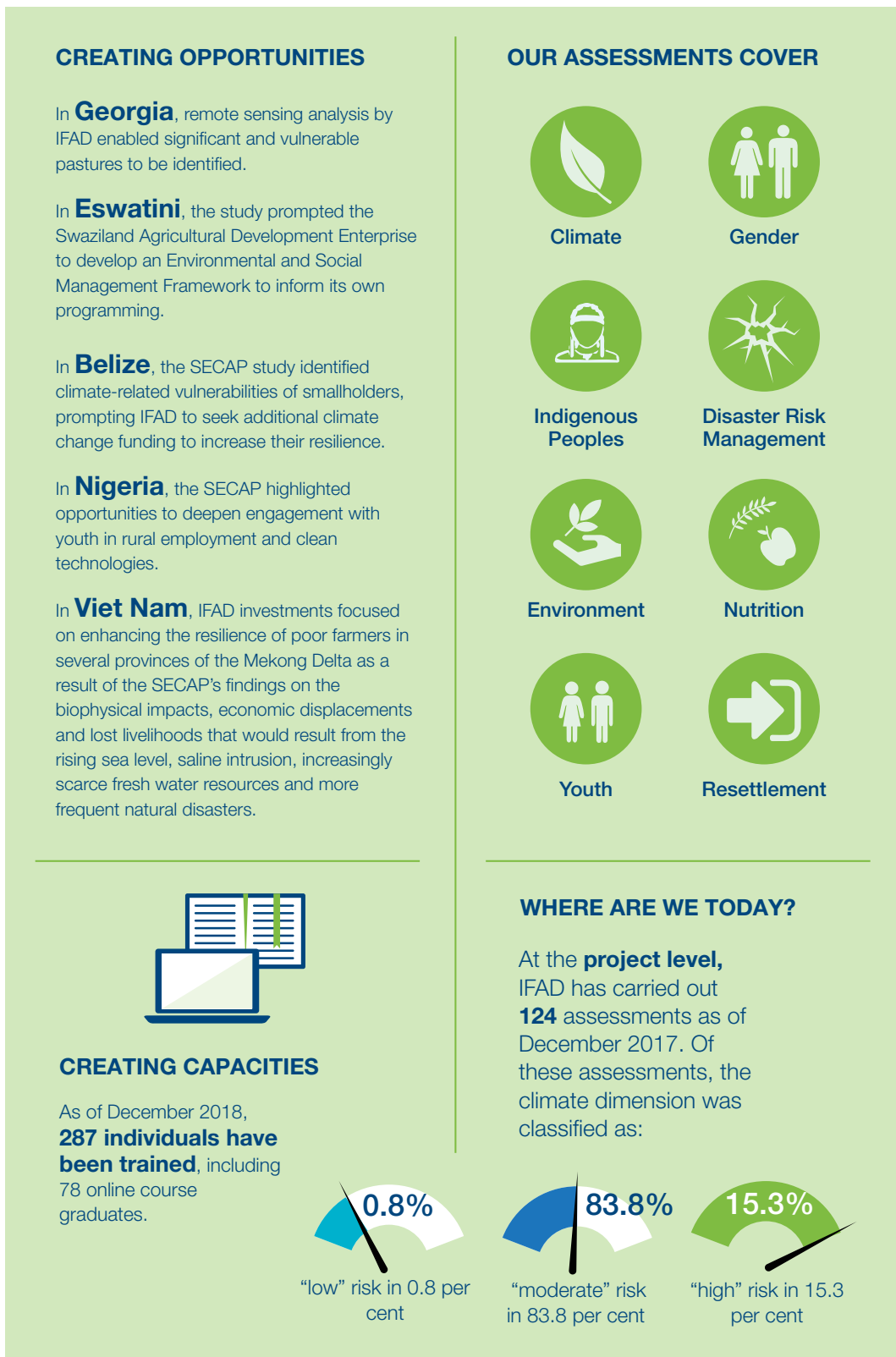
Social, Environmental and Climate Assessment Procedures (SECAP)

The SECAP are one of the primary tools for climate change mainstreaming in IFAD. All projects entering the pipeline are required to undergo an environmental, social and climate risk screening, and they are assigned a risk category for environment and social standards (A, B, C) and for climate vulnerability (high, moderate, low). With regard to climate change specifically, "moderate" climate risk projects need a basic climate risk analysis during the design stage, and adaptation and mitigation measures must be mainstreamed into the project design and project design report. All projects with a "high" climate risk classification must undergo an in-depth climate risk analysis to inform the climate design of the project. The analysis often uses tools such as earth observation and geographic information systems (GISs), which strengthen the scientific basis for a robust climate risk analysis. The use of SECAP is already proving effective in not only managing risks, but also in leveraging opportunities in terms of climate action – see Figure 3 for examples.

Adaptation frameworks and decision-making tools

Designing adaptation interventions that both respond to current challenges, including those related to climate variability and development challenges, and also develop capacity to manage changing climate patterns is a challenge on which the international community of practice continues to work. The experience gained from ASAP- and GEF-funded initiatives provided valuable lessons in climate mainstreaming and developing approaches to adaptation in IFAD investments. As IFAD becomes more active in seeking climate financing from funds such as the Green Climate Fund (GCF), targeted tools are needed to support making decisions on the best adaptation options that also generate multiple benefits. Through the second phase of ASAP, IFAD is currently developing an Adaptation Framework, as well as piloting approaches to integrate climate risk into its Economic and Financial Analysis (EFA) Procedures.

Figure 3: SECAP snapshot: managing risks to create opportunities for climate action



Climate risks in economic and financial analysis (CREFA)

To facilitate the integration of climate risk into the design of IFAD projects, ASAP2 supports the development of a new tool that gives facilitated access to the outputs of robust but complex climate and crop models published in peer-reviewed scientific journals. The results from the tool can then be directly integrated in economic and financial analyses during the project design stage. The tool can also be used to enable informed decisions about climate change implications at different stages of project, policy and strategy development. It is currently being tested for the design of a project in Sudan. In the next phase of the project, CREFA will add more crops and sectors (e.g. livestock, microfinance) and include specific considerations on soil quality. CREFA will also develop a new module to ease the identification and selection of adaptation options to further support design teams on mission in the mainstreaming of climate change in IFAD projects.

Climate finance tracking

In order to track its climate change investments and, in particular, to ensure that 25 per cent of IFAD's loans and grants are climate-focused, IFAD is putting in place the MDB methodology for tracking climate finance to more accurately track climate finance flows through IFAD, starting from 2019. The MDBs apply two distinct, jointly developed methodologies, with fundamentally different approaches, to tracking climate change adaptation finance and to tracking climate change mitigation finance, covering only those components or elements of projects that directly contribute to or promote adaptation and/or mitigation. This methodology will increase the consistency and transparency of IFAD's climate finance programming, tracking and reporting. This work involves updates to a number of IFAD's processes which are under way.

Improved climate change results monitoring and reporting

Climate change and environment core indicators are included in IFAD's new Operational Results Management System (ORMS), which will allow IFAD to better track the results achieved over time. The 2018 Report on IFAD's Development Effectiveness (RIDE) drew from ORMS and will continue to be refined to capture climate change results across the portfolio, which will begin to emerge more clearly as many projects are beginning to generate results. The 2018 RIDE in-focus chapter focused on climate change and specifically on IFAD10 climate change mainstreaming commitments.

Reflecting the increased priority given to climate change, in 2017 the Annual Report on Results and Impact (ARRI) of IFAD Operations by IFAD's Independent Office of Evaluation (IOE) introduced "environment and natural resources management" and "adaptation to climate change" as stand-alone criteria for project-level evaluations to enable better tracking of complementary but distinct issues.

Impact assessments

IFAD's Impact Assessment Initiative uses a critical mass of project-level impact assessments that rigorously attribute results to actions in order to determine IFAD's impact at the corporate level. Of the 24 projects selected for impact evaluations from IFAD10, around one third explicitly include a climate change dimension, but all projects are being assessed for impacts related to "resilience", including resilience to climatic risks.

Information to support better decision-making

Geospatial information is critical to support decision making on climate change and the environment throughout IFAD's project life cycle. It helps to identify major risks and trends, to target interventions more precisely, and to monitor and assess project activities and impacts. A number of IFAD projects use earth observation and GIS for planning and monitoring purposes, for early warning systems and to manage natural resources. IFAD's recently launched geospatial database, GeoNode, will systematically integrate geospatial information in corporate operational systems such as ORMS – climate will be one important mainstreaming dimension. Among other initiatives, IFAD and the World Food Programme (WFP) have been engaged in an ongoing joint Climate Analysis Partnership since 2014 to support the analysis of climate data that mutually support IFAD and WFP programming activities. IFAD is also in a partnership with the European Space Agency to increase the use of satellite-based environmental information and to conduct training for IFAD project teams.

IFAD country strategies and nationally determined contributions

All new COSOPs and CSNs in IFAD11 will include an analysis of the country's NDC targets and ambitions. This will serve to support countries' efforts to meet and surpass their targets, and to direct climate change priorities in IFAD's country and regional programming efforts directed by the country strategies. In order to support this process, the guidelines for the preparation of COSOPs, and the guidelines for the preparation of SECAPs undertaken in the context of COSOPs, are being revised to integrate effectively climate change and country priorities as highlighted in its NDC and National Adaptation Plan (NAP). Moreover, IFAD has joined the NDC Partnership and is engaging more closely in the Technical Working Group on Agriculture through collaboration with FAO.

Updated Climate Change and Environment Strategy and Action Plan 2019-2025

IFAD began preparing the updated strategy and action plan in late 2017 and has undertaken a number of consultations with IFAD stakeholders to prepare a strategy to be presented to IFAD's Executive Board in December 2018. This marks the commitment of IFAD's stakeholders to enhanced climate change and environment action.

Horizontal integration across mainstreaming themes

In 2018, the Environment and Climate Change Division was reconstituted and became the Environment, Climate Change, Gender and Social Inclusion Division (ECG). It now houses IFAD's key mainstreaming issues of environment and climate change, gender, nutrition and youth, as well as indigenous peoples. This is creating the environment for synergies across the mainstreaming issues, and offers a unique opportunity for transformative change. IFAD11 has committed the Fund to developing a framework for implementing transformational approaches to key mainstreaming themes, including horizontal integration across mainstreaming themes. This will help to ensure that IFAD-supported investments deliver the greatest possible benefits for smallholders and Member States, and that every dollar invested in IFAD leads to action in climate change and other areas for mutual benefit. The box below illustrates how a climate-focused investment can empower women and youth and increase nutritional well-being.

Box 1: Multiple benefits of mainstreaming

The project Promoting Resilience of the Vulnerable through Access to Infrastructure, Improved Skills and Information in Bangladesh will build climate-resilient roads and market infrastructure, support the provision of local-level early flood warnings and help to diversify incomes including those earned from off-farm activities. Though it was largely envisaged as an adaptation project, the investments are also boosting women's and young people's empowerment, increasing nutritional well-being¹⁰ and providing mitigation co-benefits¹¹ (IFAD, 2014a, 2015, 2017a, 2018a).

¹⁰ Climate change also affects the nutrition security of millions of people (FAO Global Forum on Food Security and Nutrition, 2015).

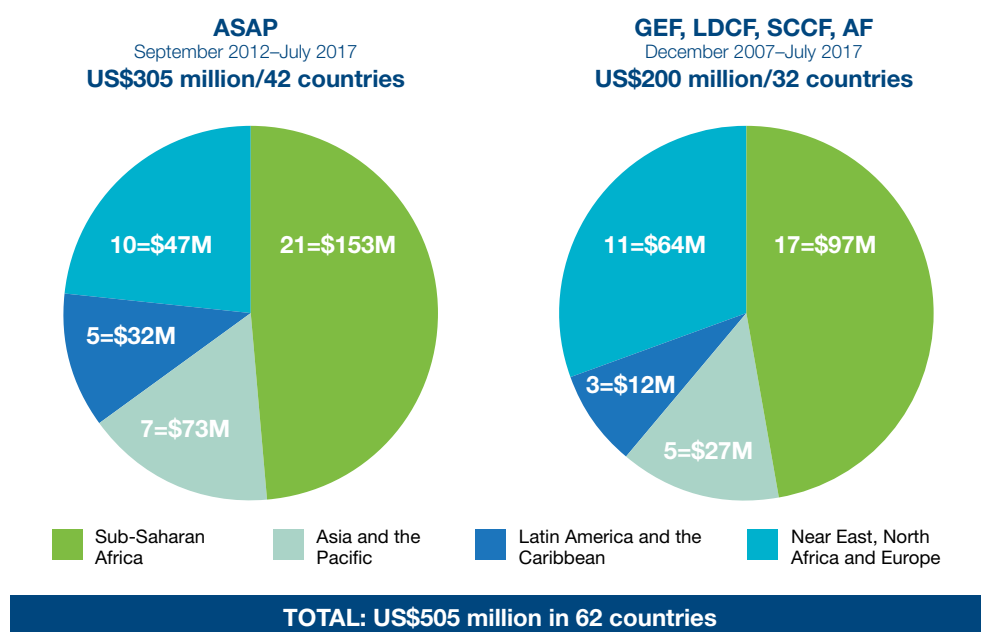
¹¹ Research has indicated potential mitigation benefits of up to 30 million tons of CO₂ equivalent avoided or sequestered from just 13 projects that were assessed (IFAD, 2015).

Implementing the current portfolio for enhanced results

Significant levels of finance are needed to support developing countries in achieving the SDGs and to fulfil their commitments made under the Paris Agreement and in their NDCs. Climate financing and investment for agriculture are far from sufficient to enable the transition to sustainable, climate-resilient, low-carbon agricultural practices or even to meet the most urgent adaptation needs, particularly those of smallholder farmers, who are the most vulnerable to climate impacts. IFAD is committed to promoting agricultural and rural transformation and ensuring that it is inclusive and sustainable. In terms of supporting developing countries' planned actions to address climate impacts on agriculture, IFAD has developed a multifaceted approach which includes targeting its own resources and developing strategic partnerships to leverage different sources of finance to build the resilience of extremely poor and food-insecure people in rural areas.

IFAD investments have been catalytic in mobilizing climate finance. Some US\$500 million for 62 countries, leveraging US\$2.5 billion in IFAD investments, has been mobilized as of September 2017,¹² mostly through the ASAP, GEF, Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), and Adaptation Fund (AF). IFAD's portfolio of climate-sensitive and dedicated climate projects is expected to increase in IFAD11 in terms

Figure 4: IFAD investments to mobilize climate finance



¹² See document IFAD11/3/R.4 Mainstreaming of climate, gender, nutrition and youth.

of its own PoLG, as well as through strengthened collaboration with existing partnerships and the development of new partnerships.

IFAD's comparative advantage lies in its targeting of extremely poor and food-insecure people in rural areas. The Fund channels climate finance to smallholders so that their urgent adaptation needs are met. In 2012, IFAD established ASAP, which has channelled dedicated support of US\$305 million programmed to smallholders in 41 countries in order to boost their resilience to the increasing impacts of climate change. ASAP has catalysed a profound paradigm shift reflected in IFAD-supported projects and programmes and has been instrumental in attracting other sources of finance.

IFAD's adaptation efforts have also demonstrated considerable potential to reduce GHG emissions generated by agriculture and throughout the value chain, as well as to provide numerous other co-benefits, such as conservation of biodiversity, soil fertility, water saving and enhancement of water quality, among many others. Using the Ex-Ante Carbon Balance Tool (EX-ACT), an assessment of 13 ASAP projects covering a wide range of issues – agroforestry, rangeland restoration, renewable energy, mangrove restoration, improved cropland management and post-harvest infrastructures – showed that an estimated 30 million tons of CO₂ equivalent will be sequestered/avoided as a result of project implementation using a 20-year time frame. EX-ACT enabled the development of a typology of the projects in terms of their carbon balance, giving the overall performance of the projects as well as their mitigation benefits per year and per hectare. From this, it was possible to scale up some of the activities without important financial changes but with the possibility, in many cases, of doubling the carbon sequestration results. Box 3 below is an example of an ambitious regional programme which is producing multiple benefits – adaptation/resilience, mitigation, biodiversity conservation, sustainable land and water management.

Box 2: Catalysing the climate-compatible development potential of South-East Asia's peatlands

An IFAD grant of US\$3.5 million to the Association of Southeast Asian Nations (ASEAN) for the programme Measurable Action for Haze-Free Sustainable Land Management in South-East Asia aims to strengthen regional coordination mechanisms and to mobilize an estimated US\$1.5 billion through a ten-year investment framework focused on haze elimination and sustainable peatland management, anchored in country- and regional-level activities. It builds on previous and upcoming GEF-IFAD-supported projects in the region, and will support institutional capacity-building, integrated landscape management, and knowledge exchange and sharing of best practices.

Why is this a good investment? Because it will help to protect South-East Asia's forests and peatlands, key to global carbon storage, biodiversity conservation and the livelihoods of rural people dependent on these ecosystems. The programme also enhances the communities' resilience and ability to adapt to a changing climate through providing them with alternative on-farm and off-farm sustainable livelihoods. Since the 1990s, the region's forests and peatlands have been severely degraded or lost as a result of land clearing, peat drainage, forest harvesting and fires. In Indonesia alone, the 2015-2016 fire event caused 100,000 premature deaths and dramatic economic losses (US\$16 billion). Forests and peatlands burned produced an estimated 1.62 billion metric tons of CO₂ equivalent and pushed Indonesia from sixth to fourth on the list of the largest global GHG emitters (World Resources Institute, 2015), with peatlands responsible for the vast majority of the haze and CO₂ emissions (World Bank, 2016b).

The following sections present, for each region, a brief case study, a “factbox” with project-specific results and a “witness statement” that shows how climate mainstreaming is helping change the lives of individual farmers. They all illustrate the integration of IFAD climate priorities in action, in terms of increasing climate risk awareness, policy engagement, women’s and youth empowerment, private-sector engagement, nutrition security, natural resource management capacities and knowledge management.



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Asia and the Pacific

Project name: Coastal Community Development Project (CCDP)

Dates: 2012-2017

Financing: IFAD loan and grant, Spanish Food Security Trust Fund, Government of Indonesia, smallholders

Indonesia: sustainable and climate-compatible livelihoods

Over half a million coastal community members (503,500) in a recently completed project benefited from sustainable livelihoods support, which was designed to help them address the impacts of destructive fishing practices, unsustainable aquaculture management and vulnerability to extreme climatic events – some of the greatest challenges to sustainable development for coastal and small island communities in Indonesia. Household incomes increased by 132 per cent. Furthermore, 94 per cent of 1,609 enterprise groups established are reported to be financially viable, exceeding the planned target of 70 per cent. Many of these enterprise groups are related to the fishing industry, which is critical for local livelihoods. Thirty-three community-based marine resource management areas were demarcated and ratified, and 180 community-based coastal resources management groups were engaged in ecotourism activities. In addition, 45 communities increased their incomes through ecotourism while, at the same time, rehabilitating and conserving coastal ecosystems by replanting mangroves, clearing rubbish, and raising awareness about climate change impacts and the negative effects of destructive fishing practices. As a co-benefit, seaweed-based product development contributed to carbon sequestration. The project also had a significant impact on food security through increased fish consumption and market availability, as well as reduced post-harvest losses. In terms of women's empowerment, successes include a reduced workload due to improved access to basic infrastructure and services such as water and energy. Enterprise group members comprised 30 per cent women (90 per cent for savings groups and 86 per cent for fish-processing groups).

Viet Nam: adapting to climate change in the Mekong Delta

Selected results as of end of June 2018

288,843 household members supported in coping with climate change impacts (43 per cent female) and **7,371 indigenous people** receiving project benefits

9,846 households out of a targeted 30,000 with at least 25 per cent improvement in household assets ownership

1,663 sustainable jobs (58 per cent for women) from the public-private-producer partnership (4Ps) model

36 out of 80 provincial communes and districts adopted a community-based disaster risk management plan and a community adaptation plan so far

92 communes, provincial communes and districts preparing and implementing annual climate-informed, participatory market-oriented plans

17,992 people trained in climate-informed farming system and technology

Smallholders in 18 value chains identified to pilot a timely salinity forecasting system

Project name: Adaptation to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces (AMD)

Dates: 2014-2020

Financing: IFAD including ASAP, Government of Viet Nam, smallholders

Spotlight on results: Philippines

About **14,000 households** and **4,200 female farmers** have been reached by the Philippines Irrigated Rice Production Enhancement Project.



Since the project started in 2010:

Land covered by canal irrigation in both seasons has increased by

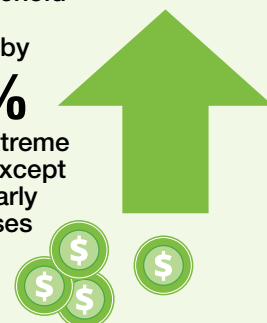
35%



Total household income increased by

10.7%

despite extreme weather, except in particularly severe cases



Cambodia witness statement

Ing Sarunn, vegetable farmer, supported by the Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia (S-RET project (Donors: IFAD, GEF, Royal Government of Cambodia, project beneficiaries; dates: 2014-2021)

Sarunn looks pleased as she surveys her plot. Thanks to a combination of capacity development and renewable energy technologies, her workload is less burdensome and she can look forward to more reliable returns to feed and provide for her family of four. Her crops include tomatoes, lettuce, cauliflower, spinach, pumpkin, long beans and bitter melon, but she has been battling with the impacts of climate change as she has struggled to increase production and profits. “In the dry season it is now very hot, and rainfall can be unpredictable – sometimes we run out of water,” she says. She has also been concerned about pest outbreaks, which have destroyed her crops.

She had already built a roof for her crops to protect them from sunlight and rainfall and thanks to an IFAD-GEF-Government of Cambodia project she also has a mobile solar water pump to help access water without depleting or polluting groundwater resources. She can now target water where it is most needed. She also received a biogas digester that is helping her to produce much-needed energy for free. Sarunn can also use the residues to fertilize her land and therefore keep at bay the temptation to use chemical fertilizers. But it is not just about equipment – her study trip to another province and training in improved crop management in a changing climate have given her practical tips on sustainable crop management. Sarunn is one of many smallholders to benefit from the project, and together they are expected to contribute to avoided emissions of over 450,000 tons of CO₂ equivalent.



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East and Southern Africa

Ethiopia: can communities govern natural resources?

As the project draws to a close, the results speak for themselves: 24,000 hectares of degraded communal land have been rehabilitated, with 11,600 hectares having benefited from tree planting and 145 million fruit and forestry seedlings having been produced for green livelihoods. In addition, 13,500 hectares of pastures have been afforested and had gullies rehabilitated. Degraded land is being protected from grazing through “exclosure zones”, supported by local community by-laws and reforestation. Furthermore, community engagement and social cohesion have increased as a result of land registration and land certificates. As well as reducing boundary conflicts, land certification has given more than 282,700 smallholders an incentive to keep their watershed well managed. For women, this means that they can now keep their share of the land in the event of divorce. Tenure security has also been found to encourage farmers to increase their working capital, which is an effective buffer against climate-related shocks. Looking to the future, more than 600 community watershed plans have captured local priorities through an inclusive process, and will help keep up momentum. At the national level, project learning will be scaled up under the new phase of the national Sustainable Land Management Programme, which has framed the project so far. IFAD will scale up lessons through the second phase of the Participatory Small-scale Irrigation Development Programme (PASIDP II), with irrigation investments complemented by investments in the micro-watersheds providing for enhanced production and income-generating opportunities in the watersheds.

Project name:

Community-Based Integrated Natural Resources Management Project (CBINReMP).

Dates: 2009-2018

Financing: IFAD, Government of Ethiopia, GEF, Spanish Fund, smallholders

Mozambique: developing value chains to benefit the poor

Project name: Pro-Poor Value Chain Development Project in Maputo and Limpopo Corridors (PROSUL)

Dates: 2012-2019

Financing: IFAD including ASAP, Government of Mozambique, Government of Spain (Spanish Trust Fund), United Nations Capital Development Fund (UNCDF), the private sector and project beneficiaries

Selected results as of end of June 2018

76,535 smallholder household members supported in coping with climate change impacts (52 per cent female)

5,838 people with ownership or user rights over natural resources registered in national cadastres and/or geographic information management systems (37 per cent female)

3,329 hectares brought under climate-resilient practices

15,300 people trained in climate-resilient crop production practices/technologies (56 per cent female)

2,502 savings and credit groups with women in leadership positions

37 per cent of households reporting the adoption of sustainable/ climate-resilient technologies and practices

5 environmental management plans formulated

282 government officials and staff trained in post-production processing and marketing (30 per cent female)

Spotlight on results: Rwanda

Women and men in the Climate-Resilient Post-Harvest and Agribusiness Support Project (PASP) are becoming engaged in **climate-resilient value chains** and **related policy**.



6,084 farmers receiving climate information services across 12 districts



300 groups of poor rural farmers actively engaged in climate risk management, natural resources management or disaster risk reduction



Kenya witness statement

Ms Sarah Wambui Munga, farmer, supported by the Upper Tana Nairobi Water Fund Project, part of the GEF-supported IAP for food security (Donors: GEF, IFAD, Government of Kenya, numerous CSOs, smallholder farmers; dates: 2012-2020)

Sarah was lucky. She was given an acre of land in Koki village, Njabini district, in the Sasumua River sub-watershed, which is the second key source of water and a “food basket” for Nairobi, by her father, who is also a farmer nearby, about 3 kilometres from Aberdare Forest. Sarah became even luckier, as she was one of 18,000 smallholders to get support from the Water Fund to avoid soil erosion and consequent siltation from the dam. Sarah is secretary of the pipeline farmers’ group, which is based on the traditional Kenyan system of village groups and targets farmers with similar economic profiles. In Sarah’s area, the project supports sustainable land management with terraces stabilized with Napier grass, fodder shrubs, water pans linked to drip irrigation, river bank protection and agroforestry, in partnership with the local government, local implementation partners and other farmers. The project first introduced tree tomatoes to the group and then water harvesting. It also provided training on budgets and saving. Sarah thinks that rainwater harvesting and water management is critical, but also appreciates how improved farming practices can help reduce GHGs. She says “The project also has a tree nursery and encourages us to plant trees. We do that and we see positive results for the environment.” Since the project started, sustainable land management and tree planting activities have yielded results – for example, a small stream which was almost dry started flowing again. Today, Sarah grows tree tomatoes, snow peas and potatoes and has three cows and their calves. She only took up farming a few years ago – Sarah used to live in Nairobi, where she struggled to make a living, but is doing better as a farmer. She says “Being a farmer is much better. Now, on average I save 50,000 to 60,000 Kenyan shillings [about US\$490 to US\$590] every season, depending on the rain.” She has high hopes for her children, and is thinking ahead: “We would also like to have trout, as we have a spring here and it brings high economic returns ... I would also like to add value to the milk, for example by producing yogurt.”



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Latin America and the Caribbean

Project name: Forestry Development Project in the Southern States of Campeche, Chiapas and Oaxaca (DECOFOS)

Dates: 2011-2016

Financing: IFAD, GEF, Government of Mexico

Mexico: enhancing indigenous livelihoods

Enhanced indigenous livelihoods are a key legacy of the DECOFOS project in Mexico's southern states. A total of 2,180 green jobs were created, exceeding the project targets by 25 per cent, and over 16,000 rural households improved their livelihoods through DECOFOS support. The project contributed to the sustainable use of the rich natural resources in local forests, which represent an important sociocultural asset for indigenous communities who depend on them for provisions such as food, water, timber and medicinal plants. "We train people to raise awareness and explain that you can work very well when taking care of natural resources," says Claudio Camarena, who works at Retos de Altura, a local business supported by DECOFOS. In addition, 57 rural microenterprises, including ones in agriculture and ecotourism, were supported. When it comes to women's empowerment, 33 per cent of organizations supported by the project increased the number of women in management positions. Women also benefited from the 144 technology transfer projects to promote clean energy, such as wood-saving stoves. The stoves were also good for the environment, generating a saving of 30 to 60 per cent on firewood consumption. GHGs were also the focus of eight community brigades, who were trained to implement climate change mitigation measures and monitor carbon levels. In addition, 128 agroforestry modules were developed, benefiting 2,632 people and contributing to the recovery of approximately 1,280 hectares of degraded land and land previously devoid of vegetation.

Brazil: rural development

Selected results as of end of June 2018

9,000 households receiving project benefits, of which about **3,600 are headed by women** and **900 by young people**

30 units of intercropping systems of 5,000 m² each, with **14,000 seedlings** planted in the two systems

35 hectares enriched with forage species adapted to dryland forest

1,000 tons of carbon sequestered per year from solar energy and agroforestry

798 underground water extraction systems installed (222 underground dams and 576 wells)

220 tons of palm biomass produced every two years, totalling 60,680 tons so far

60 desalination facilities established, bringing clean water to 1,800 families

Project name: Cariri and Seridó Sustainable Development Project (PROCASE)

Dates: 2013-2018

Financing: IFAD loan, Paraíba State Government

Learn more: <https://www.ifad.org/web/operations/project/id/1487/country/brazil>

Source: PROCASE country team and documentation, June 2018

Spotlight on results: Bolivia

Almost 29,000 farming families in Bolivia are building their **resilience to climate change**. The ACCESOS programme is benefiting from IFAD's established presence in the country.



Since work started in 2014:

Climate-related losses of crops (grapes, peaches, potatoes, beans) have been **reduced by an average of 20%**



The **disbursement rate** improved from

30% of committed funds (end of 2016)

to 70% (by October 2017)



Guatemala witness statement

Rosa Maria Maquin, crop farmer supported by Sustainable Rural Development Programme for the Northern Region (PRODENORTE) (Donors: IFAD; OPEC Fund for International Development, Government of Guatemala; dates: 2008-2016)

Rosa Maria Maquin is a young indigenous farmer in the Seseb Community of San Agustín Lanquín, Alta Verapaz, in Guatemala. She cultivates traditional species such as corn, cardamom and beans. Reminiscing about her childhood, Rosa recalls how her community enjoyed a warm climate from February to October, with light rains throughout the year. Rosa remembers that when she was a child the days were cooler and corn crops were more productive. Now, however, she feels that the rains are more sporadic and heavier. Rosa, together with other members of the Q'eqchi people, enjoys a unique relationship with nature, which has helped maintain the crystal waters in culturally important places such as the caves of Lanquín and the renowned Semuc Champey Natural Monument. Today, to help her and her family climb out of poverty despite a changing climate, Rosa is also learning new techniques to promote crops such as cocoa and tangerines and to recover plants such as the Balam,¹³ an endangered species. She and others in her savings group have learned the importance of maintaining a forest system that provides shade and nutrients for their crops, promotes moisture in the Cahabón River nearby and absorbs GHGs that are contributing to the hotter, drier and more unpredictable weather that is making their crops less productive. Rosa is a young community “promoter” and an example for others in land conservation, livelihoods diversification and in animal health. Technical support helps her take better care of their chickens, which means extra income from their sale.



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¹³ *Theobroma angustifolium* (emerald cacao) is a species of cacao used by the Olmec, Aztec and Maya of Mexico, Guatemala, Belize, Honduras and El Salvador, such as pataxte, *Theobroma bicolor*, also known as jaguar tree (balamte' or balam che'). The seed of the fruit pods of these plants was used by the Aztec and Maya and their neighbours for thousands of years. Even the Olmecs of 3,500 years ago knew of cacao.



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Near East, North Africa and Europe

Sudan: capacity development for carbon sequestration

In 2013, the project set out to promote a climate-friendly rural development path in central and eastern Sudan by increasing carbon stocks and reducing net GHG emissions while supporting rural development for people in the Butana area. So far 6,820 hectares have been planted and this will eventually reach 10,000 hectares. Around 200 hectares have been equipped with water-harvesting systems, and participatory forest management is being implemented in about 1,260 hectares of forest reserves. Looking ahead, a study to assess forest biomass carbon stock and to establish forest emission reference levels will inform a national plan to address deforestation, and national forest experts will be trained in carbon accounting. At the community level, the project is finalizing a study to assess the alternative energy needs of households to identify practical options to replace traditional wood stoves. Communities will also be trained in the development of non-timber forest products to improve their livelihoods.

The project is anchored by an IFAD-supported investment that is building complementary capacities, at the national level, for monitoring and reporting on carbon stock. So far 68,000 members of community-based organizations have been supported in building capacities to engage in climate-resilient and natural resource management through BIRDPA, and about 40 per cent of these are female. A partnership between the Forest National Corporation and large-scale mechanized farming schemes promotes afforestation and tree coverage on mechanized farming schemes, agroforestry and water harvesting. The project supports land preparation, seed provision, tree planting and capacity-building, while farmers are responsible for maintaining the planted trees.

Project name: Integrated Carbon Sequestration Project in Sudan (ICSP)

Dates: 2013-2018

Financing: IFAD, GEF, Government of Sudan, smallholders

Kyrgyzstan: livestock and market development

Selected results as of end of June 2018

Project name: Livestock and Market Development Project (LMDP) – Phase II

Dates: 2014-2020

Financing: IFAD including ASAP, Government of Kyrgyzstan, smallholders

17,000 hectares of land under improved management practices

122,500 households accessing new or improved climate information services

1,553 people trained in natural resources management (12 per cent female)

244 women trained in milk processing and marketing and 25 marketing groups with women leaders

139 people trained in livestock production practices/technologies for improved animal health (9 per cent of the people trained were female).

378 private veterinarians trained

275 micro-projects completed on pasture infrastructure and animal health

189 environmental management plans formulated, including for community pasture management

189 groups involved in natural resource management formed or strengthened

20 per cent of Pasture Committee members women

Project-supported amendments to **Veterinary Law** adopted in May 2017 and entered into force

125 Pasture User Unions trained

Spotlight on results: Sudan

Poverty rates have declined sharply as a result of **10 years** of work in Sudan. The Western Sudan Resources Management Programme focused on **natural resource management, water supplies, microcredit** and **women's empowerment**.



From 2006 to 2016:

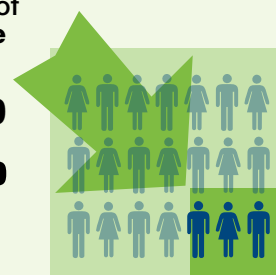
Percentage of **extremely poor** people in the area fell from

17% to 1.3%



Percentage of **poor people** fell from

68.4% to 27.5%



Georgia witness statement

Giorgi Kokozashvili, apple farmer supported by the Agricultural Modernization, Market Access and Resilience (AMMAR) Project in Georgia (Donors: IFAD, GEF-SCCF)

Giorgi Kokozashvili, from Eredvi village in Georgia's Gori District, has been growing apples on half a hectare of land for the last 12 years. In 2016, he decided to transition to organic production, both in the hope of increasing profits from a small plot and because he felt it was better for his land in the longer term. However, more extreme weather events, especially unusual hailstorms linked to a changing climate, presented a constant risk to his orchard. His lack of organic certification is another practical obstacle; gaining the certification demands several years of following strict requirements but Giorgi is convinced of its merits and has already applied to be recognized as an organic producer. In order to overcome his difficulties, the organic farming association Elkana supported Giorgi with an anti-hail net and a drip irrigation system and he now plans to diversify into different apple varieties. As a lead farmer, he is also helping his neighbours to set up anti-hail nets. The IFAD project also facilitated Giorgi's participation in Georgia's Agro Expo; he is enthusiastic about the connections he made with individual customers and business operators interested in his products. He also met representatives of shops selling organic products, from whom he learned of plans to organize organic corners (reserved sections in supermarkets for organic produce). The experience confirmed Giorgi's belief in the market potential for organic apples and that national buyers are willing to pay a premium for them. He is more motivated than ever to continue working towards organic certification. Until then, he is selling his apples at the Gori fruit market at the same price as apples grown with chemical fertilizers. He is looking forward to 2019 and hopes that his new contacts will help him get better prices.



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©IFAD/Susan Beccio

West and Central Africa

Project name:

Agricultural Value Chains Support Project (PAFA-E)

Dates: 2016-2021

Financing: IFAD, GEF, Government of Senegal, smallholders

Senegal: extending impacts of climate-resilient value chains

How can climate finance add value to a project? In Senegal, the IFAD-supported extension of a pro-poor value chain development investment has taken on a multiple mainstreaming agenda. Almost 30,000 smallholdings will benefit from a holistic approach to address their complex realities. Six value chains, including those for sorghum, millet, corn and sesame, have been chosen on the basis of their climate resilience, environmental impact, potential to engage women and youth, and food security and nutritional impact. The promotion of local dishes with high nutritional values and kitchen gardens is expected to contribute to better nutrition and to create employment for youth and women. Poor rural farmers working on these “multiple-benefit” value chains are supported by a package of “no regrets” tested techniques and technologies including biogas and solar energy to reduce women’s workloads, to improve health and to halt deforestation. In addition, over 500 hectares will be protected by assisted natural regeneration, short-cycle varieties and good agricultural practices, supported by climate services such as reliable weather forecasts and capacity development. Producer organizations are also being linked up with markets through better roads and with savings opportunities in order to better withstand shocks. The GEF additional financing of around US\$3.4 million will further strengthen (i) sustainable water management, especially surface water mobilization and fighting salinization, (ii) sustainable land management (soil conservation, erosion control, mangrove rehabilitation and enhanced seeds), (iii) clean energy and (iv) capacity development in environmental and climate monitoring and best practices.

Mauritania: combating poverty

Selected results as of end of June 2018

113,717 people receiving services promoted or supported by the project (51 per cent female)

39,820 poor smallholder household members supported in coping with the effects of climate change

16,908 national/regional decision makers and **33 local groups** trained in climate-smart agriculture

3,709 people trained in crop/livestock management techniques and technologies for arid climates (78 per cent female)

625 hectares sustainably managed for forage production in pastoral zones

176 groups related to water and other infrastructure with women in management positions

140 gauges installed and 70 rainwater-harvesting systems established/rehabilitated

24 projects to promote alternative energy sources from village woodlands adapted to arid zones

Project name: Poverty Reduction Project in Aftout South and Karakoro – Phase II

Dates: 2012-2019

Financing: IFAD, GEF, Government of Mauritania, smallholders

Spotlight on results: Niger

The Family Farming Development Programme is enabling farmers to **increase production** and **adapt to climate change**. The programme is restoring degraded landscapes and watersheds in a harsh and arid environment.



Since 2015:

Over **4,000 hectares** of land have been restored



21,000 hectares are under assisted natural regeneration

About **400km** of roads being built or repaired, improving access to markets and cutting transport costs



Chad witness statement

Agaba Zakaria, sorghum farmer, supported by Project to Improve the Resilience of Agricultural Systems in Chad (Donors: GEF-LDCF, IFAD, ASAP, Government of Chad, project beneficiaries)

Agaba has been a farmer as long as she can remember. She grows red and white sorghum on her 1.5 hectares of land. Aged around 35, she has a family of 10 and also manages to find time to act as treasurer of a raingauge management committee in the Khalouf district. She is also worried about how hard it is getting to be a farmer these days. "Before, there were three bad years and three good years – now it is more like four bad years and one good." Soil degradation, deforestation and unpredictable rains add to her worries. When she could not produce enough, she would often go away to work for other families, causing great difficulties for those left behind. Today, Agaba and other women like her have received training on how to improve soil fertility and conserve water, based on traditional techniques tried and tested elsewhere in the Sahel. One of these techniques is building *zai*, a traditional African planting technique that involves digging shallow pits filled with a small amount of organic material such as dung. Termites are attracted to the organic material; they dig channels in the soil, which improves aeration, and digest the organic matter, which makes nutrients more easily available for crops. Sorghum seeds are planted in these pits when the rains start. Standing in her plot of *zai*, she is hopeful that the technique will mean that she can stay and work her family's own land.



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Expanding IFAD's climate change actions to meet the scale of the challenge

More climate finance needs to flow to agriculture to fund the investment costs associated with the large-scale transformation required to adapt to increasing climate impacts and move to a low-emission climate-resilient pathway. It is estimated that at least US\$70 billion per year should be spent on climate change adaptation during the four decades ending in 2050. Of this, US\$7 billion per year is needed for agriculture, which currently receives only 3 per cent of public climate finance.¹⁴ IFAD has developed a multifaceted approach which includes targeting its own resources and developing strategic partnerships to leverage different sources of finance to build the resilience of extremely poor and food-insecure people in rural areas. Existing partnerships with dedicated environment and climate finance institutions are being strengthened and new, innovative partnerships are being developed, including with the private sector. In addition, tools and methodologies are being developed to measure and monitor the impacts of its projects and programmes, to increase understanding of climate impacts, and to share knowledge and best practices. Some of the new, key innovations that will enhance IFAD's climate work are highlighted below.

With the generous support of the governments of Sweden and Norway, in 2018 IFAD launched the second phase of the Adaptation for Smallholder Agriculture Programme (ASAP2). ASAP2 aims to mobilize US\$100 million towards its objective of strengthening the environmental sustainability and climate resilience of poor rural people's economic activities. It provides opportunities to innovate and pilot new approaches, to address gaps and emerging new challenges, and to mobilize resources from non-IFAD sources to cofinance climate-related investments (adaptation and mitigation) in IFAD investment projects. A great deal of effort in 2018 has gone towards identifying innovative concepts across the organization for which resources are currently being committed. ASAP2 is supporting, for example, a cluster of projects that aim to bring the benefits of innovative economic and financial tools to smallholders. These are only the beginning, however, as IFAD plans to expand on these tools to mobilize the resources needed to address the scale of the problem.¹⁵

Recognizing the estimate that climate change impacts increase rural development costs by an additional 10-15 per cent, IFAD aims to mobilize up to 10 per cent (i.e. US\$350 million) of its PoLG from climate finance sources through unrestricted complementary contributions (UCCs) to climate-proof the projects in which it invests. As an IFAD11 priority, IFAD committed to deploy US\$875 million, or 25 per cent of its investment portfolio, in climate finance during the period 2019-2021 to contribute to sustainably transforming rural societies, to building the resilience of 24 million smallholder

14 Fact Sheet: World Bank and Climate Change, http://www.worldbank.org/content/dam/Worldbank/document/Climate_Change_Fact_sheet_4_Degree_Warmer_World.pdf.

15 ASAP is IFAD's flagship programme to strengthen environmental sustainability and climate resilience in its agricultural investment programmes. The first phase of ASAP (ASAP1) has programmed a total of US\$305 million in 42 countries to support almost 6 million vulnerable smallholders to cope with the impacts of climate change and build more resilient livelihoods.

farmers (SDG 1.5: build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters) and to reducing GHG emissions in support of governments' climate change and sustainable development objectives. UCC will be part of the US\$875 million funding sources.

IFAD and GCF – the largest dedicated climate fund – signed the Accreditation Master Agreement (AMA) in September 2018. The AMA is the legal framework detailing the rights and obligations of all Accredited Entities and is a prerequisite to access GCF financing. The partnership will help IFAD strengthen its climate resilience work for the benefit of rural communities and ecosystems, and, at the same time, will advance the objectives of the GCF by focusing its activities on the most vulnerable groups whose livelihoods depend on ecosystems most vulnerable to climate change. The first project(s) will be submitted to the GCF Board for approval in 2019. An operating entity of the UNFCCC, the GCF has the goal of supporting developing countries to move to low-emission climate-resilient economies.

Increasing collaboration with the private sector is an IFAD11 priority. Recognized as the largest investor in agriculture and the engine of growth in rural economies, the private sector is also the largest source of finance for climate change adaptation and mitigation. IFAD has a long history of engaging with all levels of the private sector, from farmer entrepreneurs and farmer organizations to large private corporations and from agribusinesses to banking and the finance sector. Collaboration has also been established with a number of international private-sector entities and foundations. IFAD's 4Ps model has been successful in achieving pro-poor and win-win business solutions that provide financial and non-financial incentives to private-sector companies to partner with and invest in smallholder farms, resulting in improved productivity of the smallholders and their access to markets. The 4Ps approach is illustrated in Box 3 below and will increasingly be promoted as a tool to crowd in domestic private-sector investment in rural areas.



*Javier Manzanares,
GCF Executive Director
ad interim, and
Gilbert Houngbo, IFAD
President, signing the
GCF Accreditation
Master Agreement*

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Box 3: Public-private-producer partnerships for climate change adaptation and mitigation in Kenya (GEF funding)

The Upper Tana Nairobi Water Fund in Kenya is a public-private partnership, where innovative private-sector financing is helping smallholders access water, a climate-sensitive natural resource, and sequester carbon through reforestation, agroforestry and a school greening programme. The project is also a good example of knowledge management, as it will document and disseminate the successful experience of the Rumukia coffee cooperative, which was certified by the Rainforest Alliance and is therefore expected to benefit from increased profitability.

IFAD and the **Global Innovation Lab for Climate Finance (the Lab)** launched a new partnership in September 2018¹⁶ whose purpose is to help build the resilience of African smallholder farmers combating climate change through developing and scaling up innovative financial instruments. The Lab has opened a special call for ideas that target sustainable agriculture for smallholders in West and Central Africa. The Lab is a network of public and private investors that identifies, develops and launches transformative climate finance instruments. Since its start in 2014, instruments developed by the Lab have mobilized over US\$1.15 billion for renewable energy, energy efficiency, adaptation and climate-smart agriculture projects in developing countries.

With funding from ASAP, IFAD is field testing a pioneer hedging mechanism that offers smallholders a financial solution to ensure revenue protection against climate-related disasters and price shocks. The **Climate and Commodity Hedging to Enable Transformation (CACHET)** initiative aims to address two key challenges that are limiting the use of risk transfer mechanisms by smallholders: the lack of access to and the limited sustainability of existing schemes. To address these challenges, CACHET relies on market-based instruments (derivatives), which are widely used by large private-sector operators. CACHET is being piloted in Nigeria and Senegal and will progressively be scaled up to 10 African countries. South-South cooperation and triangular cooperation are at the core of the initiative.

In collaboration with FAO, IFAD will soon initiate a study that will **measure GHG emissions** in pro-poor agricultural and rural development projects that are climate-resilient and lead to sustainable high socio-economic outcomes and benefits. Using EX-ACT, which has been developed by FAO, up to 75 ongoing, completed and future IFAD projects – located in Africa, South Asia, Central Asia and Latin America – will be assessed to capture the range of challenges linked to GHG accounting in projects.

IFAD will continue its **policy advocacy and awareness-raising at national and global levels** to raise the visibility of smallholder agriculture, its vulnerability to climate change and its mitigation potential. To maximize its support to countries in achieving the SDG targets by 2030 and strengthening their ability to deliver, IFAD is accelerating **decentralization to regional hubs**. In addition to improving project and strategy design and implementation support, a stronger country and regional presence will strengthen IFAD's engagement in policy processes, including those related to climate change, and partnership-building and country programming. At the global level, IFAD will continue its high-level participation,

16 See <https://www.ifad.org/web/latest/news-detail/asset/40784901>.

often by the President and other senior officials, in key international forums on climate change, natural disasters, drought, and food security and nutrition. IFAD produces a series of publications and reports, media outreach, web articles, social media posts and videos highlighting smallholder agriculture and IFAD success stories, a number of which are highlighted on the back inside cover of this publication.

What's coming up: IFAD climate action takeaways to watch during 2018-2019

- 1 Building partnerships** and mobilizing different sources of climate finance to build the resilience of poor and food-insecure people in rural areas

- 2 Promoting private-sector** engagement in innovative climate adaptation and mitigation

- 3 Increasing awareness** of climate risks through the continued development and application of innovative financial and economic tools

- 4 Mainstreaming environment** and climate change, gender equality, nutrition and youth for transformational impacts

- 5 Building national** capacities for climate action and increasing the resilience of poor rural people

- 6 Knowledge management** and increasing knowledge about climate-resilient agriculture approaches and practices available at the national, regional and global levels

- 7 Policy advocacy** and awareness-raising at national and global levels regarding the impacts of climate change on smallholder agriculture and the important role smallholders play in finding innovative solutions



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Communications and Outreach

With a view to keeping smallholder agriculture at the forefront of the sustainable development and climate change agenda and highlighting results from IFAD's investment support, IFAD has developed a series of publications and reports. This include the Advantage Series and the Rural Development Report, Recipes for Change, web articles, media outreach, social media posts and videos.



IFAD art installation by artist Silas Birtwistle at CBD, COP Cancun, using locally sourced foodstuffs under threat from climate change impacts.

Advantage Series and Rural Development Report: This series of research publications looks at how IFAD-supported projects are delivering results for smallholder farmers on the ground who are facing the impacts of climate change. Each of the publications looks at the challenges, IFAD-supported solutions and outcomes in four to six projects from across the globe. Climate change is also a topic for discussion at IFAD Member State events and shapes findings in its flagship Rural Development Report.

Recipes for Change Campaign: This high-profile campaign brings celebrity chefs to IFAD projects facing climate impacts and looks at IFAD-supported solutions for smallholder farmers. The short videos, used for mainstream media, the web and social media, are based on a storyline that centres on cooking a meal with a householder using an ingredient that is grown by them, faces climate impacts and is being preserved with adaptation techniques supported by IFAD. Videos are also in local languages to support on-the-ground advocacy.

Web: Climate change issues are addressed in web stories and content often featured on the homepage of IFAD's corporate website: www.ifad.org. In addition, IFAD maintains a dedicated portal for environment and climate issues with sections that focus on IFAD's Adaptation for Smallholder Agriculture Programme and our work with GEF and the GEF-funded Integrated Approach Programme.

Social media: IFAD's social media strategy includes actively raising awareness about climate impacts on smallholder farmers while sharing and amplifying the climate messages of partners, such as IFAD Member States, other United Nations agencies, non-governmental organizations and institutions.

Media outreach: International press releases are sent out regularly to promote new products and senior management engagement on climate and agriculture issues. Our media strategy also includes generating original media research and creating related media events and seminars.

Video: IFAD's video content covers a variety of climate-related issues such as climate-smart agriculture, sustainable agriculture, building resilience, renewable energy technologies and the double win of adaptation and mitigation. Footage is regularly used by global television news agencies (e.g. Reuters, APTN, Eurovision, UNIFEED) and packaged stories are featured at global events, on IFAD digital and social channels, at film festivals and on airline in-flight entertainment systems (Air Canada, Etihad, Virgin Australia, Alitalia, and others).

Change Cinema: As part of our internal communications efforts we run a monthly cinema event for IFAD staff, which brings in some of the latest film offerings on the topic.






Change Lectures: This series is also part of our internal communications outreach; we bring in speakers to talk to staff about various hot topics.

IFAD's climate and environment:

<https://www.ifad.org/web/guest/climate-and-environment>



International Fund for Agricultural Development
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 54591 - Fax: +39 06 5043463
Email: ifad@ifad.org
www.ifad.org

-  [facebook.com/ifad](https://www.facebook.com/ifad)
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