



## An introduction to IFAD's operational environment

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# IFAD's objectives

- Reduce rural poverty
- Expand agriculture production and income
- Food security
- Rural environment and climate change

# Key IFAD characteristics

- We **target poor** rural populations and small-scale farmers, where the latter feeds a 1/3 of global population.
- 70% of IFAD portfolio is located in ecological and fragile lands.
- **IFAD-supported projects reach about 60 million** poor rural people a year
- **IFAD is a major supporter of community-designed and managed** rural development projects and farmer organizations
- We use **government and local management systems** rather than managing projects ourselves

# IFAD's thematic focus



Improving basic foods and staples



Including cash crops

Natural resource management and climate change adaptation



Integrating livestock to match rising demand



Developing private and cooperative agroprocessing and marketing

# Supporting markets for smallholder farmers



- Farm inputs



- Storage



- Agro-processing



- Agro-marketing

# Peru: Management of Natural Resources in the Southern Highlands Project – agriculture services



# Guinea: Fouta Djallon Agricultural Rehabilitation Project – farmer training



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# India: Tamil Nadu Women's Development Project – women's groups





# Senegal: Village Management and Development Project – women's training



# Niger: Second Maradi Rural Development Project – irrigation



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# Mauritania: Agricultural Rehabilitation Programme II – reforestation



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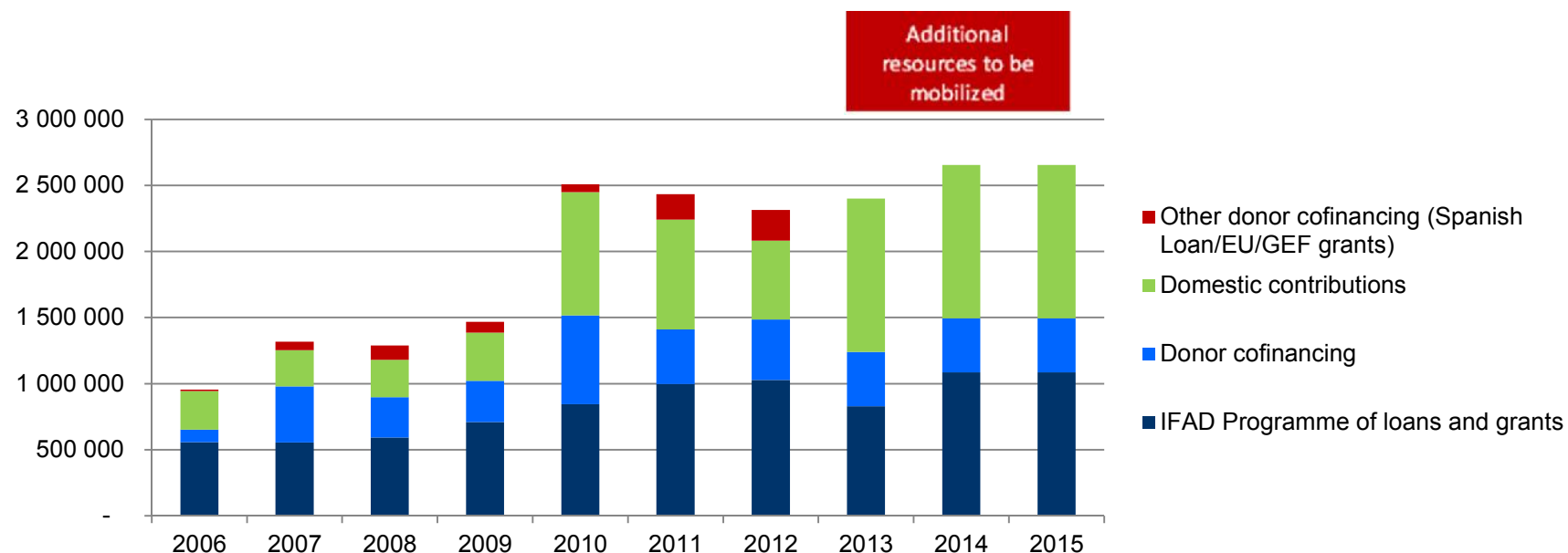
# Ethiopia: Rehabilitation Programme for Drought Affected Areas



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# Actual (2006-2012) and projected (2013-2015) IFAD loans and grants, donor cofinancing, domestic contributions and other donor cofinancing (US\$'000)



## Notes:

1. Level of POLG during 2012-2015 includes ASAP resources.
2. Donor financing managed by IFAD refers to non-IFAD financed activities administered by the Fund, currently including the Spanish loan, and EU/EC and GEF grants). The chart assumes only GEF resources during 2013-2015; but this can change if we mobilize more.
3. Donor cofinancing and domestic contributions during 2013-2015 projected at 2012 levels.

# Operational achievements

- Supervising 100 ongoing projects by end 2009; 117 by end 2010; and 270 in 2013
- Collaborative agreements (AfDB, UNIDO, FAO, UNDP, AGRA, Global Platform, ILC, UN on food crisis, EC)
- Knowledge sharing improved (Agriculture Share Fair, quality enhancement and assurance learning notes, technical advisory notes, publications)
- Innovation mainstreaming (value chain, rural finance, land, country strategy)
- Country offices expanded and functional
- CGIAR change programme catalyzed
- 41 projects financed by Global Environment Facility Trust Fund (GEF), US\$165 million, linked to IFAD loan investments
- 26 projects supported by Adaptation for Smallholder Agriculture Programme (ASAP), US\$240 million, at various stages linked to IFAD investments

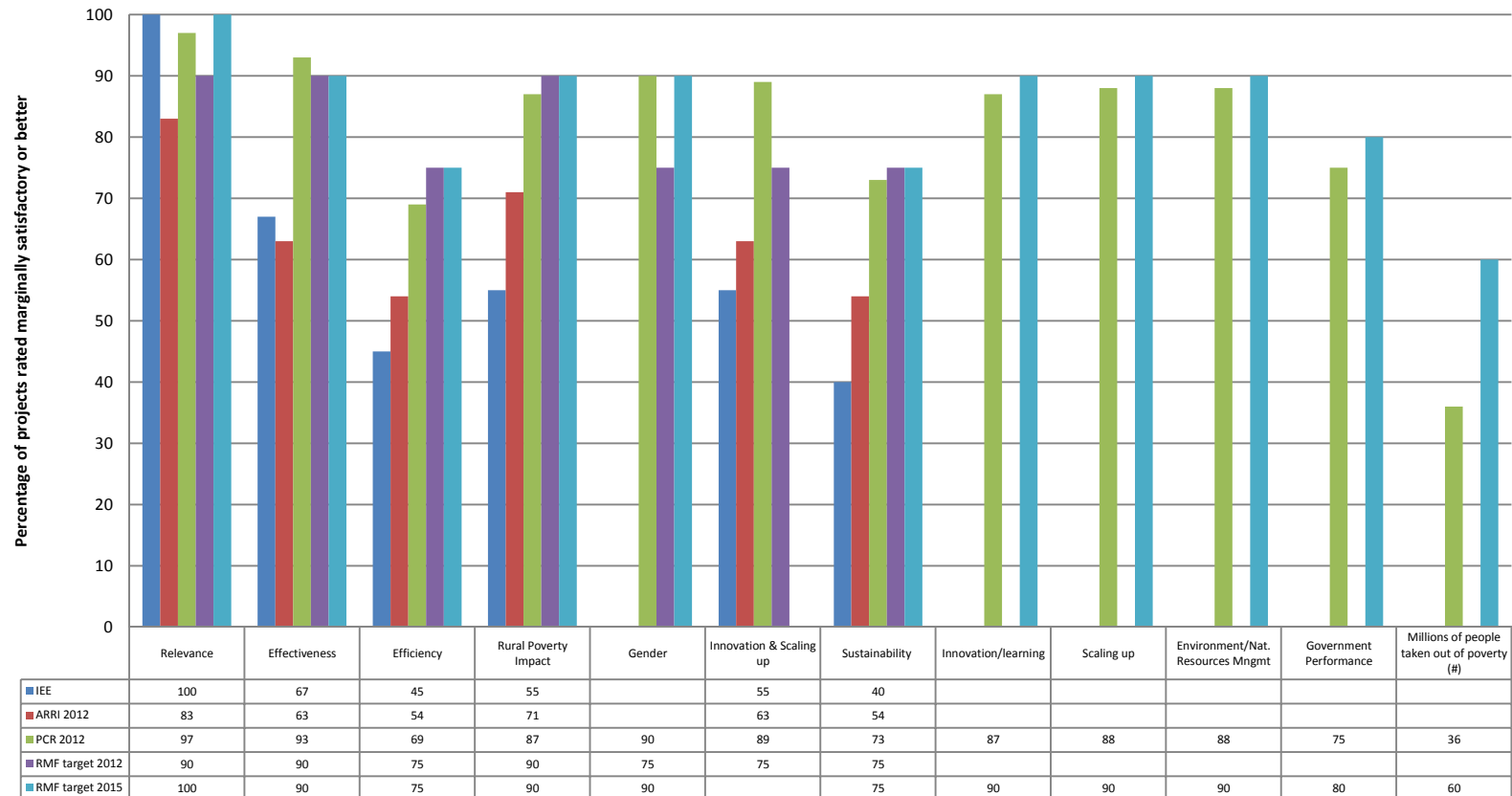
# Results Measurement Framework

## IFAD has delivered real results

Results	Baseline Year	Baseline Value	RIDE 2012 (2011 Data)	2012 target*	2015 target
People receiving services from IFAD-supported projects	2007	29 million	59.1 million	60 million	90 million
Male:female ratio	2007	57:43	52:48	50:50	
Land under improved management (hectares)	2008	3.9 million	3.73 million	Monitored	
Area under rehabilitation (hectares)	2008	228 000	356 000	Monitored	
People trained in crop production	2008	1.7 million	4.83 million	Monitored	
Male:female ratio			64:36		
Active borrowers from rural financial services	2008	4.4 million	4.26 million	Monitored	
Male:female ratio			31:69		
Marketing groups formed	2008	25 000	16 394	Monitored	
Community action plans	2008	24 000	48 900	Monitored	

\* Only two targets established: Number of people receiving services, disaggregated by gender.

# Outcomes at project completion: Achievements against 2012 Target

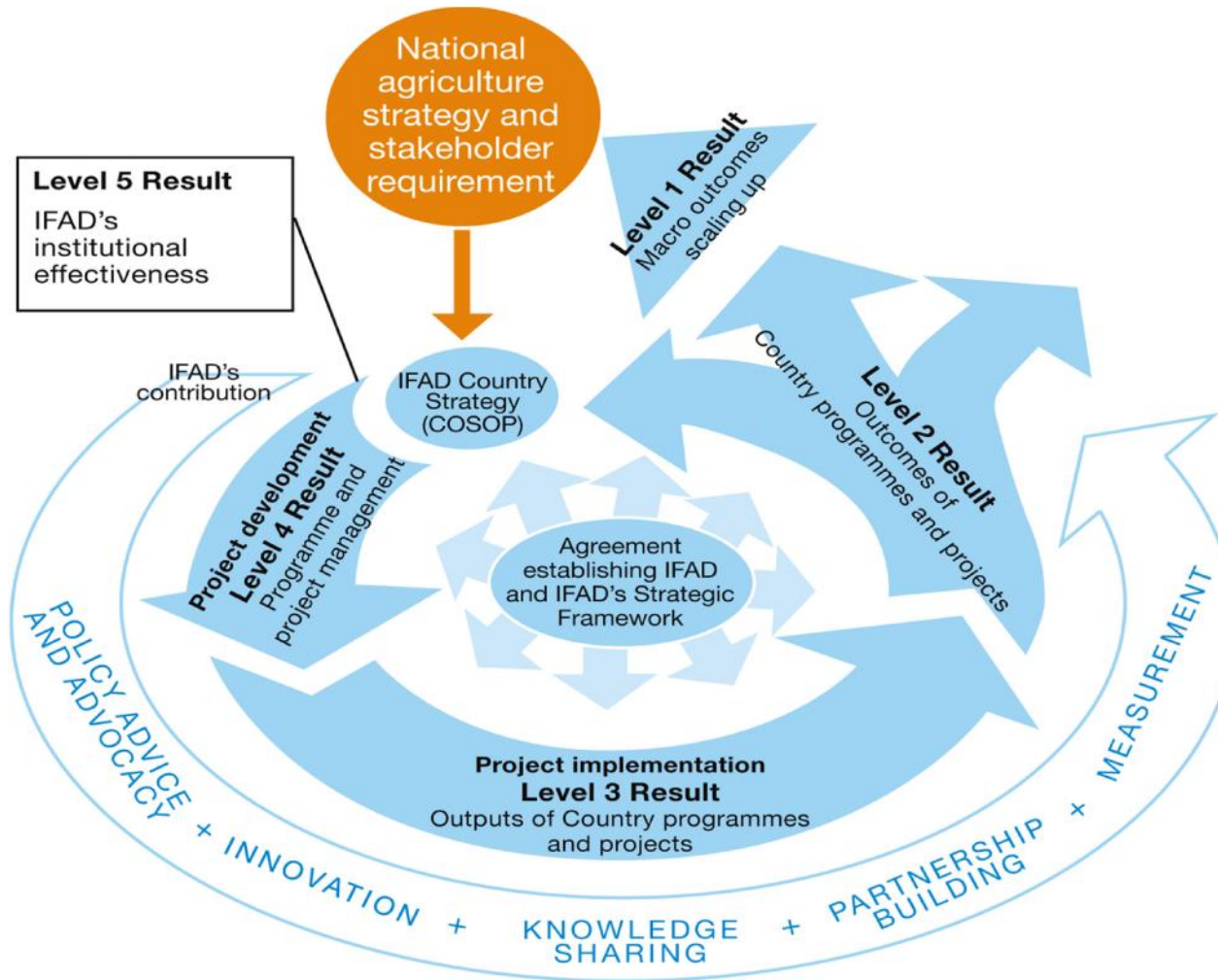




# Summary of the medium term plan for 2013-2015

- Programme of loans and grants total US\$3 billion for 2013-2015.
- Add cofinancing - US\$1.6 for US\$1.0 of IFAD lending/grants.
- For a total 3-year total programme of work of US\$7.8 billion.
- Improve quality of new loans and grants to level of targets
  - Impact greater number of people, and pulling more out of poverty through efficient scaling up, better quality programmes, more selectivity in projects and countries
  - IFAD funding per person moved out of poverty to go from US\$85 to US\$30; 80 million to be taken out of poverty
- Improve quality of ongoing portfolio through better supervision and better design of projects
- Improve M&E systems and undertake impact assessments
- Country presence to expand to 50 countries
- Improve knowledge sharing within IFAD and with partners
- Become more efficient (less IFAD cost per US dollar lent or granted); maintain current budget
- Improve staff technical skills through training, recruitment, partnerships
- Provide intensive implementation support for problem projects in 'fragile' countries

# IFAD's operating model



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## IFAD has a knowledge management and innovation strategy, with results targets. Major outputs so far:

- Rural Poverty Report 2011
- Smallholder Agriculture Seminar 2011
- IFAD portfolio review annually
- Data for Results Measurement Framework
- Contributor to UN Comprehensive Framework for Food Security (HLTF)
- Contributor to Responsible Agriculture Investment Guidelines (with World Bank, FAO, UNCTAD)
- Regional knowledge networks established in Latin America, Africa, North Africa and Near East, and Asia
- Starting rigorous impact evaluations of projects
- Participation in G8, G20, WEF, CFS deliberations

# Key concepts of the IFAD results-based and reformed business model

- Country leadership and in-country planning key – for IFAD country strategies and projects
- IFAD country presence to interact in-country
- IFAD will participate in strategy, design, policy advice, supervision, knowledge-sharing, innovation
  - IFAD does not manage projects – government and local organizations manage
- Quality of projects and country strategies
- Partnership with all actors
- Monitor and report on results and outcomes

# Major contemporary agriculture issues

- Food, fuel, fertilizer price volatility and economic crisis increasing rural poverty
- Government and donor responses often counter-productive in short term and long term
- Past inadequacy of agriculture project models to fragile states and conflict-prone countries
- Agriculture services, processing, input supply and farming itself are increasingly private; IFAD instruments should be modernized to deal with the private sector
- Climate change and environmental degradation increasingly serious and donor response inadequate – may impact global food supply
- Changing demands of middle income countries regarding agricultural assistance (South-South cooperation)

## Issue #1 – Rural poverty and hunger is stable or increasing in much of sub-Saharan Africa and some other low income countries in Latin America and Asia

- About 900 million hungry people in the world; relatively stable figure
- About 900 million malnourished
- 2 billion live on less than US\$2 per day

# Why are food prices rising; and why greater volatility?

- Due to rapidly rising global and local demand for food, at about 2% per annum and rising (*Chatham House*)
  - In turn caused by income growth, population growth, dietary changes, bio-fuels
- Combined with a slowing of the increase in supply

## Issue #2 – Government responses often counter-productive

- Supply response to higher prices strongest in industrial countries, China and Brazil
- Harmful government policy responses in many developing countries
  - Export bans exacerbate the problem
  - Farm price controls and consumer subsidies exacerbate the problem
  - Bio-fuel subsidies and import barriers exacerbate
  - Lack of investment in agriculture; too much focus on food aid
- Helpful policies include:
  - Reducing barriers to food imports
  - Eliminating price controls
  - Expanding investment in agriculture
  - Social protection for the most vulnerable



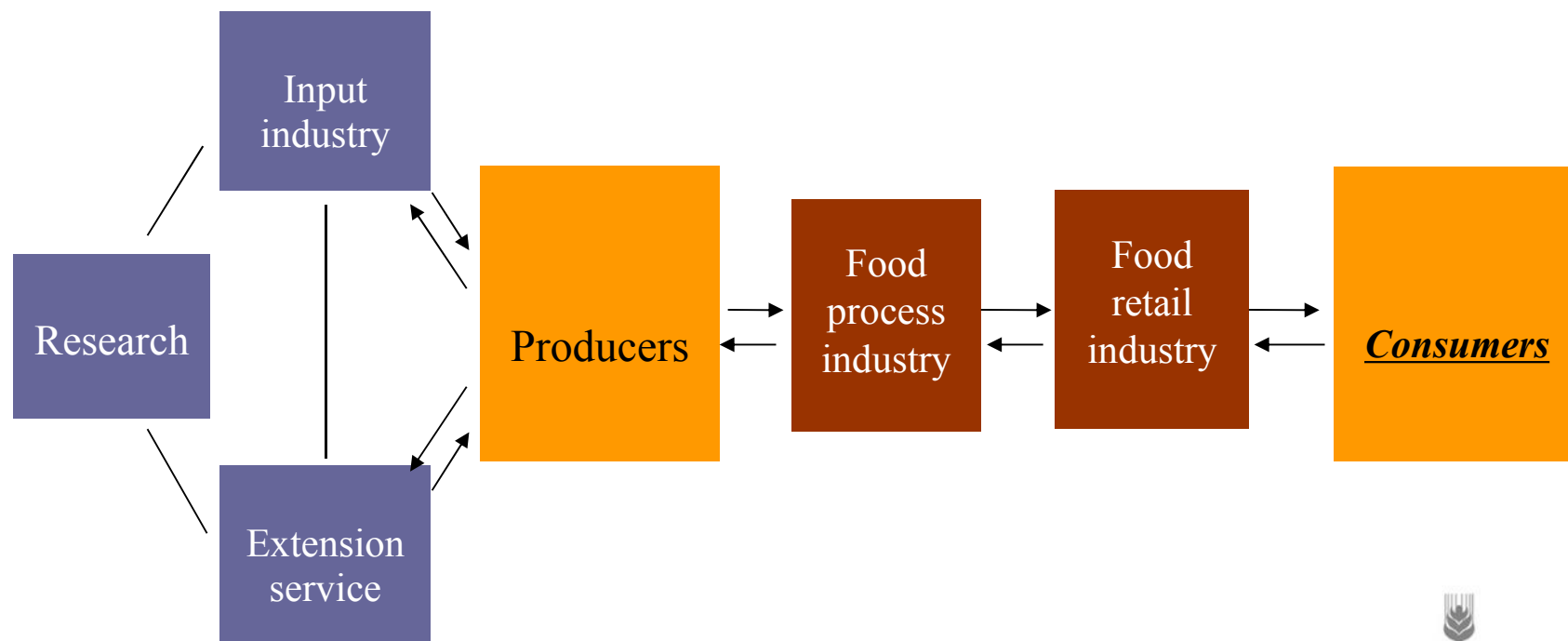
# Issue #3 - How to make IFI projects in fragile states more effective

- Build on UN and bilateral donor managed projects in fragile states
- Focus more on institution-building/capacity-building in fragile states, and less on targeting the very poorest
- Introduce longer term approach, with 10-15 year partnerships reflected in 2 to 3 consecutive projects
- Don't shy away from involvement in fragile states with poor governments
  - Work through civil society, NGOs, private sector
- Provide intensive project implementation support

# Issue #4 – IFAD needs to modernize its instruments to deal with the private sector

The market and the private sector are increasingly driving agriculture.  
IFAD works to adapt this evolving reality to the benefit of smallholder farmers  
New private sector strategy: December 2011

## VALUE CHAIN APPROACH



## Issue #5 – Rural environmental issues and climate change have larger impact on small farmers than previously thought

- Human-induced problems of deforestation, groundwater depletion, destruction of rural biodiversity and soil loss (see *UNEP Atlas of Africa*)
- Climate change aggravates risks and creates new ones: more variable rainfall, heat and water stress for crops and livestock, more extreme weather events, rising sea levels (IPCC 2007)
- Agriculture both a cause and victim of climate change (accounts for 31% of GHG emission, including land use change)

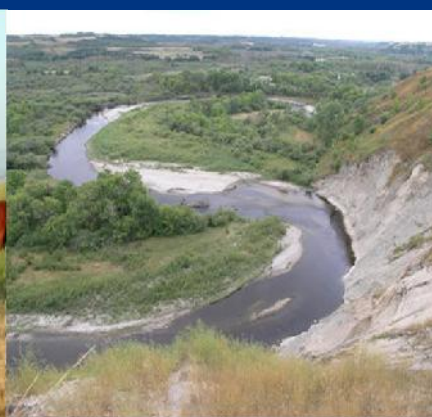
# SOLUTIONS: Examples of tried and tested climate change adaptation solutions IFAD is *scaling up*



**Agroforestry**



**Rangeland management**



**Watershed management**



**Conservation agriculture**



**Reforestation & Afforestation**



**Rainwater harvesting**



**Biogas**



**Drip irrigation**

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# SOLUTIONS - Examples of some new adaptation solutions IFAD is *introducing* through ASAP



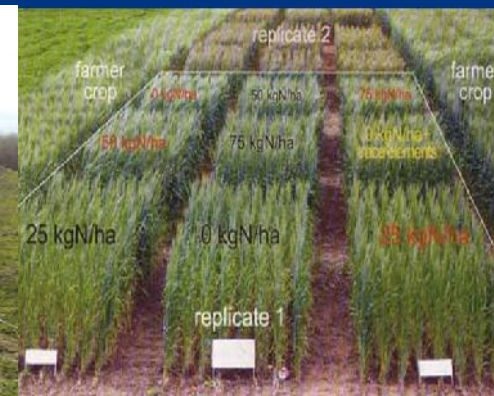
**Early Warning systems**



**Financial services for climate risk management**



**Access to better weather information**



**Drought/salt/flood - tolerant crop options**



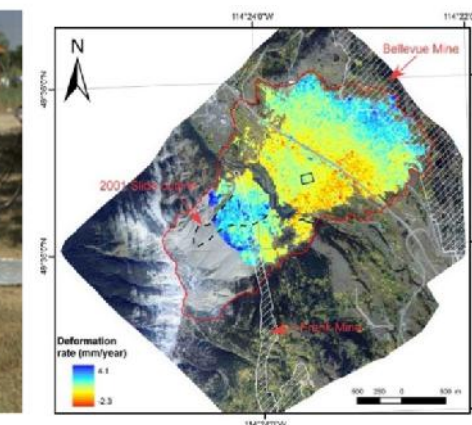
**Green technologies for heating, cooling, pumping**



**More robust/flexible infrastructure**



**Better post-harvest protection**



**Better risk analysis and preparedness**

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# How IFAD has responded to the climate challenge:

<b>Policies</b>	<ul style="list-style-type: none"><li>• <b>IFAD's Strategic Framework</b></li><li>• <b>Climate Change Strategy</b></li><li>• <b>Environment and Natural Resource Management (ENRM) Policy</b></li></ul>
<b>Procedures</b>	<ul style="list-style-type: none"><li>• <b>Deeper environment &amp; climate analysis in COSOPs</b></li><li>• <b>Piloting climate-aware Economic and Financial Analysis</b></li><li>• <b>Portfolio review guidelines updated to include climate and environment</b></li><li>• <b>Draft changes to RIMS to capture results in climate resilience</b></li><li>• <b>Environmental and Social Assessment procedures updated</b></li><li>• <b>Remote sensing baselines piloted and promoted</b></li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• <b>ASAP: 26 project designs, integrating climate change adaptation into 1/3 of new commitments;</b></li><li>• <b>GEF: 41 projects, US\$ 165m</b></li><li>• <b>ENRM share of portfolio: 10-15% in IFAD 8</b></li></ul>
<b>Capacity</b>	<ul style="list-style-type: none"><li>• <b>5 Regional Climate and Environment Specialists and 3 Climate Change Adaptation Specialists working on climate integration, adaptation programming &amp; mainstreaming</b></li><li>• <b>Training/guidance: E-learning course; Climate Change briefings for IFAD staff and partners; internal and external knowledge products</b></li><li>• <b>Operational partnerships with CGIAR Climate Change Programme</b></li></ul>
<b>Communication</b>	<ul style="list-style-type: none"><li>• <b>Climate speaker series</b></li><li>• <b>Advocating the case for smallholders at key Conventions (UNFCCC, UNCCD) and international events (World Environment Day, CFS)</b></li></ul>

## Summary: IFAD has met and continues to meet operational commitments made in IFAD8 consultation

- Loan and grant programme expanding
- Cofinancing and partnerships strengthened
- IFAD policy development and operational procedures
- Improved policy advice and knowledge sharing
- Measurement of results and delivery of results
- New strategic thrusts incorporated in our work

