



Introduction to IFAD's operational environment

John Murray McIntire

April 2015

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 third 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

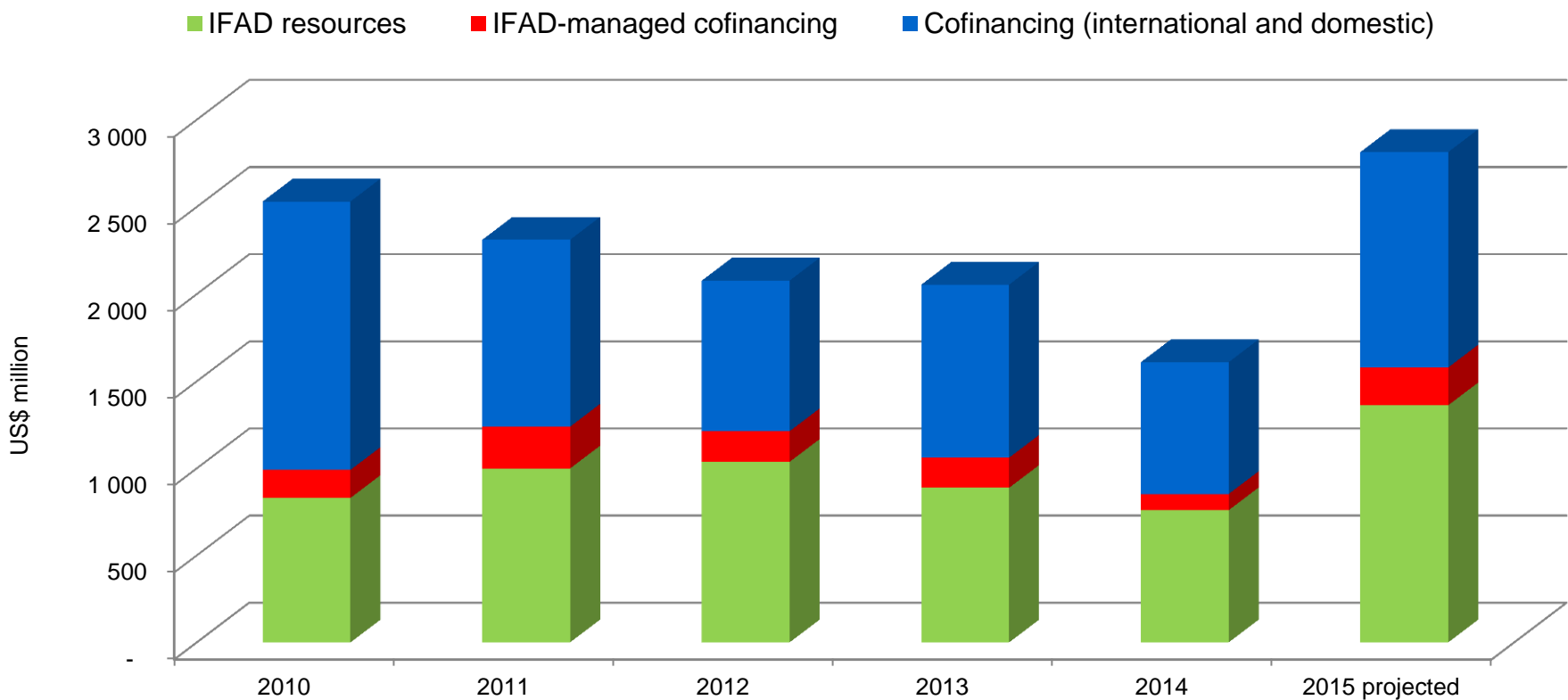


- Agro-processing



- Agro-marketing

IFAD's programme of work 2010-2014 and projected in 2015



Notes:

- 1. Level of programme of loans and grants during 2012-2015 financed by IFAD's resources includes ASAP funding during 2012-2015 and KfW lending during 2014 and 2015.
- 2. Cofinancing managed by IFAD refers to all non-IFAD financed activities administered by the Fund
- 3. Cofinancing and domestic contributions for 2015 are those estimated in IFAD's 2015 Programme of Work and Budget approved by the Governing Council.

Sources: 2014 draft Annual Report and 2015 current projections for IFAD's programme of loans and grants and GC document GC-38-L-6

Operational achievements

- Supervising 237 projects in 2012 and 2013; and 219 projects in 2014 (consistently 93% of the ongoing portfolio)
- 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
- 36 projects financed by International Environment and Climate Trust Funds (e.g. GEF/LDC/SCCF/ATF), US\$ 151.74 million, linked to IFAD loan investments (additional 25 grants worth \$162.50 under scoping or design, and 7 grants worth \$24.51M closed)
- 21 projects supported by Adaptation for Smallholder Agriculture Programme (ASAP), US\$191 million, at various stages linked to IFAD investments

Thematic focus

- **Gender**
- **Agricultural policy**
- **Rural finance**
- **Private sector**
- **Agricultural technology, CGIAR, R&D**
- **Environment, natural resources management, climate change**
- **Impact analysis, M&E**
- **Livestock**
- **Water**
- **Farmer organizations**
- **Indigenous people**
- **Scaling up**
- **Nutrition**

Results Measurement Framework

IFAD has delivered real results

Key outputs of ongoing IFAD projects

Number of people reached by IFAD

2014: 98 million; 2015 target: 90 million
(male 52 : 48 female)

Number of people taken out of poverty by IFAD

2015 target: 80 million

Examples of outputs (2014*):

People trained in crop production:

3.5 million (male 51 : 49 female)

People trained in community management:

1.8 million (male 24 : 76 female)

People trained in business and entrepreneurship:

1.2 million (male 24 : 76 female)

Marketing groups formed/strengthened:

35 thousand

Rural roads constructed or rehabilitated:

20 thousand km

Value of gross rural financial services (loan) portfolio:

US\$2 billion

Land under improved management practices:

4.1 million ha



Outcomes at project completion: Achievements against 2014 results

% of projects rated moderately satisfactory or better	IEE 2015	PCR 2014 ^A	RMF target 2015
Relevance	100	98	100
Effectiveness	67	88	90
Efficiency	45	76	75
Rural poverty impact	55	88	90
Gender equality	-	93	90
Sustainability of benefits	40	81	75
Innovation/learning	-	86	90
Replication and Scaling up	-	91	90
Environment/Natural resources management	-	86	90
Government performance	-	78	80
Millions of people taken out of poverty (#)	-	-	80

A: PCR figures are 3-year moving average for 2011-2013



Investing in rural people

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

- Rural Poverty Report 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
- Country policy dialogue

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

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

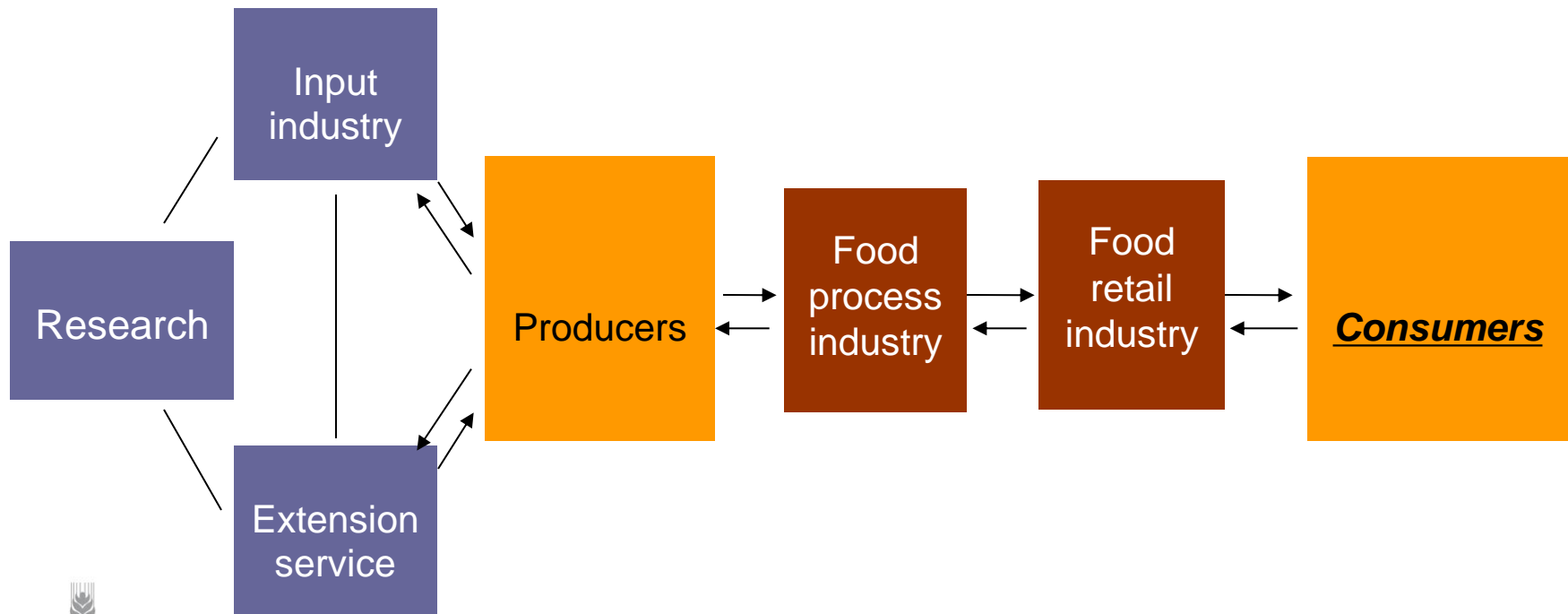
Issue #3 - How to make IFI projects in fragile states more effective

- 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 has modernized 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



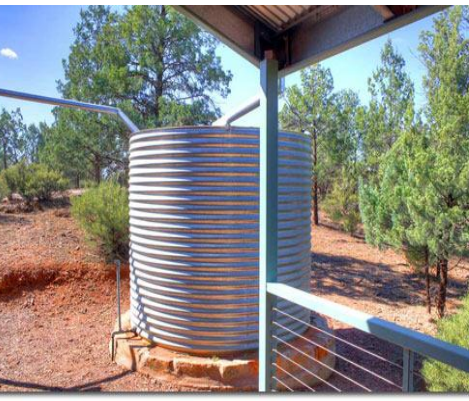
Watershed management



Conservation agriculture



Reforestation & Afforestation



Rainwater harvesting



Biogas



Drip irrigation



Investing in rural people

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



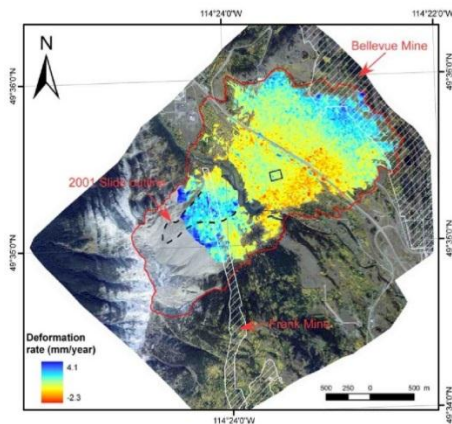
Green technologies for heating, cooling, pumping



More robust/flexible infrastructure



Better post-harvest protection



Better risk analysis and preparedness



Investing in rural people

How IFAD has responded to the climate challenge:

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

