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Enabling poor rural people
to overcome poverty

Report on IFAD's Development Effectiveness

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Abbreviations and acronyms

ASAP	Adaptation for Smallholder Agriculture Programme
ASEAN	Association of Southeast Asian Nations
AWG	Agriculture Working Group
CFS	Committee on World Food Security
CLE	corporate-level evaluation
COSOP	country strategic opportunities programme
CPM	country programme manager
CPO	country programme officer
CPMT	country programme management team
CSW	Commission on the Status of Women
DSF	Debt Sustainability Framework
DWG	Development Working Group
ERR	economic rate of return
FAO	Food and Agriculture Organization of the United Nations
FFS	farmer field school
FSN	food security and nutrition
GAC	Governance and Anti-Corruption Framework
GALS	Gender Action Learning System
GEF	Global Environment Facility
IEE	Independent External Evaluation of IFAD
IFAD8	Eighth Replenishment of IFAD's Resources
IFI	international financial institution
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
IOE	Independent Office of Evaluation of IFAD
LAC	Latin America and the Caribbean
LEWI	Legal Empowerment of Women Programme
MDG	Millennium Development Goal
M&E	monitoring and evaluation
OECD	Organisation of Economic Co-operation and Development
OPV	Office of the President and Vice-President
PDR	Project Design Report
PMD	Programme Management Department
PPP	public-private partnership
PRAI	Principles for Responsible Agricultural Investment
PTA	Policy and Technical Advisory Division
QA	quality assurance
QE	quality enhancement
QUASAR	Quality Assurance Archiving system
RIDE	Report on IFAD's Development Effectiveness
Rio+20	United Nations Conference on Sustainable Development
RMF	Results Measurement Framework
SHG	self-help group
SMEs	small and medium-sized enterprises
SSTC	South-South and triangular cooperation
UNDESA	United Nations Department of Economic and Social Affairs
UN-SWAP	United Nations system-wide action plan
VGLT	Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security

WEF	World Economic Forum
WFP	World Food Programme
WUA	water users' association

Executive summary

1. This Report on IFAD's Development Effectiveness is the vehicle for reporting on IFAD's performance against the expectations and indicators articulated by IFAD's membership for the Eighth Replenishment of IFAD's Resources (IFAD8) period, 2010-2012. It is not a full-term report, but the overall trends are clear.
2. Members' expectations were formulated against the background of a global food crisis unprecedented in modern times, involving problems of supply, soaring prices, and regression in the global food production system. A key dimension of performance expectations was that there would be both a substantial increase in IFAD's programme of loans and grants, and an increase in the mobilization of cofinancing. These expectations are being met in full. IFAD is on track to achieving a 50 per cent increase in new commitments. It is also on track to increasing cofinancing more than proportionally. The cofinancing ratio is almost exactly at the increased level called for, and the expansion of domestic cofinancing has been particularly strong – approaching the level of IFAD's own contribution to project financing.
3. Plans for IFAD8 were also formulated during the onset of a global financial crisis, and the call for greater investment was paralleled by calls for effective and efficient resource use. A comprehensive set of indicators of IFAD's development effectiveness was articulated in IFAD's Results Measurement Framework (RMF) – with ambitious targets. By mid-2012 IFAD had almost entirely achieved the end-period target of reaching 60 million people – doubling its outreach in four years. Key measures of project impact have improved, and are above or close to the target levels, which themselves required progress over IFAD7 levels.
4. Spurred by a rigorous arm's-length quality assurance system, the quality of IFAD-funded projects at entry has improved further, including in the area of sustainability – a difficult challenge for all development institutions working in the rural sector. The level of domestic cofinancing is a clear indication that these new projects are strongly supported by governments. Partner surveys give positive feedback on IFAD's collaboration, and its partnership performance rating in projects is now high.
5. Country-level partnerships are strong and project design is meeting expectations. Disbursements have increased rapidly, but the time required to start projects is still high on average. An analysis of variation reveals that this is largely the product of the lengthy parliamentary loan approval mechanisms in a number of countries, in the context of which IFAD's efforts to facilitate and accelerate project start-up can yield little. IFAD has strengthened its direct engagement in project implementation support and supervision, and has tightened its scrutiny, performance criteria and reporting. Against this background, the percentage of projects reported as at risk of not achieving development objectives remains an issue, and consideration is being given to how IFAD can mobilize additional support to enable a number of partner governments to solve implementation problems in often fragile institutional and social contexts.
6. Notwithstanding the need to focus on raising the volume and quality of development assistance, indicators of improved institutional effectiveness are largely on track, including in the key human resource management area. With regard to the broad institutional efficiency ratio adopted for IFAD8, IFAD will meet its target ratio almost exactly.
7. Overall, the commitment, disbursement and RMF data show that IFAD has risen to the challenge of expansion with continued and rising effectiveness. It has also strengthened its substantive response to the key development issues faced by smallholders – in market integration, relations with the private sector, climate change, empowerment and inclusion (not least in the critical areas of gender and

indigenous peoples). Given the vital importance of effectively addressing a food security issue that is now global and systemic, and extending progress in achieving the Millennium Development Goals relating to poverty reduction, IFAD faces the challenge not only of developing the right answers to smallholder development issues in a rapidly changing context, but also of scaling up local successes to more comprehensive solutions. The Fund has been laying the institutional and knowledge foundations for this through the beginnings of a systematic approach to: the special issues involved in scaling up in projects and country programmes; the essential attendant issues of policy dialogue, partnership and South-South cooperation for smallholder development; and the measurement of impact, which will provide a compelling case not only for generally increased investment in smallholder development as a major element of the response to the food security issue, but also for the specific approaches that IFAD has been pursuing and the partnership and policy development that this will require.

Report on IFAD's Development Effectiveness

I. Introduction

1. During the Eighth Replenishment of IFAD's Resources (IFAD8) period, IFAD's membership called on the Fund to play a key role in the global response to the food price crisis and to accelerate movement towards achievement of the Millennium Development Goals (MDGs) – particularly in relation to the reduction of food insecurity and rural poverty. The membership provided substantially more resources to finance a major increase in the volume of IFAD loans and grants (and to stimulate investment by others through cofinancing arrangements). It also agreed on a comprehensive set of indicators to measure whether those resources were being used effectively: the Results Measurement Framework (RMF) for IFAD8, 2010-2012. This report, the Report on IFAD's Development Effectiveness (RIDE) is the mechanism identified by the Governing Council for IFAD to communicate what has been achieved.
2. This is the last RIDE of the IFAD8 period. The next RIDE (2013) will differ from this report in two principal ways. First, it will reflect the main preoccupations of the Ninth Replenishment (IFAD9) consultations: measured impact and value for money. In 2013, for the first time, IFAD will begin to measure, and report on, how many people it has successfully helped to move out of poverty throughout its global operations. This is a major undertaking, and one that IFAD is embarking on in consultation with other development institutions (including bilateral institutions). IFAD's approach to this challenge is being presented to the December 2012 session of the Executive Board in a separate document entitled Methodologies for impact assessment for IFAD9.
3. Second, from 2013, IFAD will also report on the wider range of efficiency indicators agreed for IFAD9. This 2012 edition of the RIDE addresses the targets and indicators established for IFAD8, and it focuses on the development effectiveness results achieved so far in IFAD8. It also provides data on performance against the IFAD8 RMF institutional indicators. However, the December 2012 Executive Board will also receive an update on change and reform implementation, and the schedule of the April 2013 Executive Board includes consideration of the corporate-level evaluation (CLE) on IFAD's institutional efficiency and the efficiency of IFAD-funded operations. In the interest of avoiding duplication in the work of the Executive Board, this RIDE will restrict itself to presenting progress against the IFAD8 RMF indicators, leaving discussion of the broad issues relating to institutional efficiency to the update on change and reform implementation and to the CLE on institutional efficiency.
4. Although this is the last RIDE within the IFAD8 period, it has been produced before the end of the period. IFAD8 runs to the end of 2012, but this report has necessarily had to draw heavily on mid-2012 data. Where new data have become available subsequently, they have been included. While this is not a full-term report for IFAD8, the trends are clear.
5. The report falls into four substantive sections:
 - Section II briefly addresses the challenges posed by the global context, and the metamorphosis of food security as an issue principally involving poor people in poor countries to a systemic problem for the global economy as a whole. The section includes progress against high-level global indicators (the IFAD8 RMF level 1 indicators) – progress to which IFAD contributes – and identifies important performance variations behind the global figures;
 - Section III provides a summary overview of IFAD's increased commitment to, and mobilization and delivery of resources focused on, smallholder production and food security in developing countries. This is a key element of the global food insecurity situation and a key commitment under IFAD8;

- Section IV addresses development effectiveness against the IFAD8 RMF indicators and targets. It first examines the outputs of ongoing projects and then assesses the outcomes of recently closed projects (RMF levels 3 and 2). IFAD does not implement projects: governments and other partners do. These indicators reflect IFAD's work, but also the work of the Fund's many development partners. The section then moves on to activities more completely under IFAD's control – the design of and implementation support for its country programmes (RMF level 4), which are both indicators of the quality of the Fund's work and predictive indicators of project outputs and outcomes. The section concludes with a discussion of the RMF indicators of institutional management, including efficiency (RMF level 5). In discussions of previous editions of the RIDE, members have called for a succinct presentation of the RMF data, with a focus on main issues and broad developments. The section responds to these requests.
 - The RMF data presented are high-level abstractions of IFAD's work, and members have requested that these data be supplemented with more concrete information about what IFAD is doing to maintain and improve its development effectiveness in terms of its engagement with crucial development processes and challenges. Accordingly, section V gives some tangible examples of IFAD's efforts in this direction, outlining its approach to emerging issues in the smallholder economy (including market integration, relations between smallholders and larger-scale private-sector actors, and climate change), social inclusion, and reshaping the development dialogue and architecture to better serve smallholder development.
6. In addition, and in line with the Executive Board's request that the number of separate performance reports submitted to it be reduced, this edition of the RIDE also includes three annexes: the report on implementation of the IFAD Policy on Gender Equality and Women's Empowerment (highlights of which are included in the main report of this RIDE); the report on IFAD's engagement with least developed countries under the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020; and the Annual Report on Quality Assurance in IFAD's Projects and Programmes.

II. Agriculture, rural poverty and food security

7. Adoption of the MDGs in 2000, in particular MDG1 with its focus on eradicating extreme poverty and hunger, heightened global attention to poverty and hunger in developing countries. By 2008, for the first time since international poverty rates began to be estimated, both the number of people living in extreme poverty and poverty rates had fallen in every developing region – including sub-Saharan Africa, where the rates were the highest. Between 1990 and 2008, the proportion of people living on less than US\$1.25 a day fell from 47 per cent to 24 per cent (see table 1), and the number of extremely poor people fell by 2 million. Post-2008 analysis shows that while high fuel and food prices and economic recession have hurt vulnerable groups and slowed the rate of poverty reduction in some countries, global poverty rates have continued to fall. Furthermore, preliminary World Bank estimates indicate that the first MDG1 target of cutting the extreme poverty rate to half its 1990 level may be achieved on a global level in advance of the 2015 deadline.
8. Overall, progress in addressing extreme poverty has been substantial. Nonetheless, the absolute level of extreme poverty in developing countries remains massive, with close to 1.4 billion people living on less than US\$1.25 per day. At the current rate of progress, estimates indicate that about 1 billion people will still be living on less than US\$1.25 per day in 2015, corresponding to a global extreme poverty rate of approximately 16 per cent. Some countries and regions have made greater advances than others. It is estimated that, in 2015, four out of five people living in extreme poverty will live in sub-Saharan Africa and Southern Asia, and that, if

current economic growth rates are sustained in both regions, by around 2025 the locus of poverty will be largely concentrated in sub-Saharan Africa – and fragile and conflict-affected countries within it.

9. On the other hand, the chances of achieving MDG1 hunger-related targets at the global level are slim, which points to a disparity between rates of progress in reducing income poverty and progress in reducing hunger. The Food and Agriculture Organization of the United Nations (FAO) estimates that there were 852 million undernourished people in developing countries in 2010-2012, or the equivalent to about 15 per cent of the entire developing world population. This figure is down from 23.2 per cent in 1990-92 (see table 1). The highest proportion of undernourished people is in sub-Saharan Africa, where, indeed, the number of undernourished people rose sharply in the context of the food price hikes of 2008. While good progress has been recorded in reducing the proportion of underweight children under age 5 – from 29 per cent in 1990 to 18 per cent in 2012 – achievement of the global target (14.5 per cent) by 2015 seems unlikely.

Table 1

Level 1 RMF indicators: MDG 1, World Development indicators and investment in agriculture

<i>Indicator</i>	<i>Baseline (year)</i>	<i>Actual (year)</i>	<i>Target (year)</i>
1.1 MDG 1: Population living on less than a \$1.25 a day ^a	46.7% (1990)	24% (2008)	23.4% (2015)
1.2 MDG 1: Prevalence of undernourishment in population ^a	23.2% (1990-92)	14.9% (2010-12)	11.6% (2015)
1.3 MDG 1: Children under 5 who are underweight ^a	29% (1990)	18% (2010)	14.5% (2015)
1.4 Crop production index (2004-2006 = 100) ^b	120.8 (2006)	128.7 (2009)	Tracked
1.5 Agricultural value added (annual percentage growth) ^b	3.8% (2004)	5.0% (2010)	Tracked
1.6 Level of official development assistance to agriculture ^c	US\$4.1bn (2006)	US\$8.4bn (2009)	Tracked
1.7 Proportion of countries complying with the 10% Maputo Declaration (share of budget allocated to agriculture) ^d	19% (2005)	22% (2009)	Tracked

^a Source: FAO, The State of Food Insecurity in the World 2012 (Rome, 2012).

^b Source: World Bank, World Development Indicators. At: <http://data.worldbank.org/>

^c Source: Organisation of Economic Co-operation and Development, International Development Statistics. <http://stats.oecd.org/qwids>

^d Source: The Comprehensive Africa Agriculture Development Programme, November 2010.

10. Thus, food security has not improved as quickly as the incidence of extreme poverty. Moreover, in the last five years, food security has evolved from being largely a problem of poor populations in poor countries to a systemic problem of the global economy. The food price crisis experienced in 2008 proved not to be ephemeral. Food prices have been extremely volatile since, and in 2011 – and again in 2012 – have reached new highs, with direct and indirect implications for global hunger, and attendant problems of social and political unrest. A structural shift has taken place: a long period of low agricultural prices and a relatively abundant global supply of food has come to an end, and global agriculture and energy markets have become more strongly interlinked. Following over two decades of flagging interest in agriculture, the global community has woken up to the alarming inadequacies of the global food system (in terms of both an emerging supply-demand imbalance and the great sensitivity of supply and prices to adverse climatic conditions), and to the need to urgently re-engage in agriculture. This urgency has been intensified by projections that agricultural production needs to increase by 60 per cent over the next 40 years in order to satisfy the rising demand for food, feed and biofuel of a world population projected to surpass 9 billion by 2050.

11. Growth in global agricultural production has been above 2 per cent per annum over the past several decades. It needs to be higher. Developing countries represent an important potential source of global production growth, given their opportunities to increase land devoted to agriculture and to improve productivity. However, critical land and water scarcities, overexploitation of fish stocks, growing climate change and the frequency of extreme weather events leave little doubt that achieving the required expansion in productivity will not be possible unless a major paradigm shift takes place – including valorization of the role of the smallholder sector and empowering it to achieve a sustainable intensification in its production.
12. As has been explicitly flagged by finance ministers and central bank governors in the Group of Twenty (G20) process in 2012, improving smallholder agricultural production and productivity, while conserving and enhancing natural resources, will be essential to increasing food supplies on a sustainable basis – particularly in developing countries, where increases in demand and the importance of smallholders in the agrarian systems are greatest. It will also be vital for inclusive growth, given the proven impact of growth in agriculture – and particularly smallholder agriculture – in reducing poverty and powering development in other sectors.
13. Significantly expanding the volume of investment in smallholder agriculture on a long-term basis, while expanding the effectiveness of those investments, is intrinsic to any balanced and sustainable response to the global food security issue, central to the growth of many developing countries, and vital to the income and food security of the rural poor. Along with increased investment, pro-smallholder agriculture policy reforms and effective approaches to scaling up successful programmes will be at a premium. Those reforms and approaches will need to recognize and promote the central role of private investment, including the investment of smallholders themselves, in creating the framework for future sustainable and inclusive growth among smallholders as they develop their response to demand increasingly articulated through new and different supply and processing chains – themselves reflecting rapid urbanization and income growth.
14. In many countries, the major source of capital will be domestic – as smallholders and larger-scale agribusiness actors respond to the incentive framework created by what appears to be a secular upturn in agricultural prices. The role of international public investment there will increasingly involve policy and technical support to exploration of new models of partnership among small farmers, the public sector and the private sector. These models need to be inclusive, financially and environmentally sustainable, and responsive to evolving national and global food and agrofuel systems. In lower-income countries, and particularly in fragile and conflict-affected countries, where domestic capital is scarce, international and public investment will continue to play a fundamental role in agricultural development – in conjunction with the renewed commitment to domestic public investment in agriculture, notably in Africa.
15. The fact that interest and engagement in smallholder development to meet the food security and poverty challenge is growing does not mean that the trend will continue “naturally”. Anxiety about production levels and prices is high and well founded, and there are great temptations to follow ostensibly more “proven” and “quick-fix” routes to expansion through large-scale, highly capitalized production. Large-scale production plays a vital role in the global food system, but cannot be exclusively relied on to achieve significant production and productivity improvements in a manner that is sustainable, inclusive and equitable. Pro-smallholder agriculture policies and investments can successfully address these dimensions, and therefore must be a central pillar of the transformation of the global food production architecture in order to ensure that the world’s future generations enjoy growing prosperity and food security. IFAD has an important role to play in this: using its special experience with smallholder development to elaborate and scale up sustainable models of development that integrate

smallholders into markets and value chains within a supportive policy framework; and using its investment resources to stimulate and share the risk of innovation.

III. IFAD's resource mobilization and delivery for smallholder development

16. IFAD's key output is an effective portfolio of loans and grants. As called for by its members, IFAD is delivering at record levels. The current portfolio consists of 271 approved projects, involving an IFAD investment of US\$5.877 billion, increasing by 25 per cent over the IFAD8 period. The total value of the projects in the portfolio, including cofinancing, is now US\$13.129 billion, a 35 per cent increase (see table 2).

Table 2

Evolution of current portfolio in the Eighth Replenishment period
(Millions of United States dollars)

	<i>As at 2010 1st quarter</i>	<i>As at 2010 3rd quarter</i>	<i>As at 2011 3rd quarter</i>	<i>As at 2012 3rd quarter</i>
IFAD financing	4 689	4 657	5 188	5 877
International cofinancing	2 145	2 339	2 753	2 917
Domestic contributions	2 870	3 383	3 836	4 335
Value of total financing	9 704	10 380	11 777	13 129

Source: Project Portfolio Management System

17. This portfolio expansion has been fuelled by an unprecedented rate of new commitments. By September 2012, projects for nearly US\$2.4 billion in loans and Debt Sustainability Framework (DSF) grants had been approved (with one major commitment exercise within the IFAD8 period still to be completed), compared with US\$1.7 billion for the whole of the IFAD7 period. The level of cofinancing to date has also been unprecedented (the ratio has risen from 1.1:1 to 1.5:1). This increase has been principally driven by a dramatic rise in domestic cofinancing (see table 3). Domestic cofinancing is now almost equal to IFAD's own commitment, a tangible sign of the integration of IFAD programming with national programming and resource allocation priorities for smallholder development.

Table 3

Commitments (loans and DSF grants) in IFAD7 and IFAD8
(Millions of United States dollars)^a

	<i>International cofinancing</i>	<i>Domestic contributions</i>	<i>IFAD financing</i>	<i>Total financing</i>	<i>Cofinancing ratio</i>
IFAD7	1031.5	917.3	1730.9	3679.7	1.1
IFAD8 ^b	1306.8	2149.0	2365.1	5820.9	1.5

Source: Project Portfolio Management System

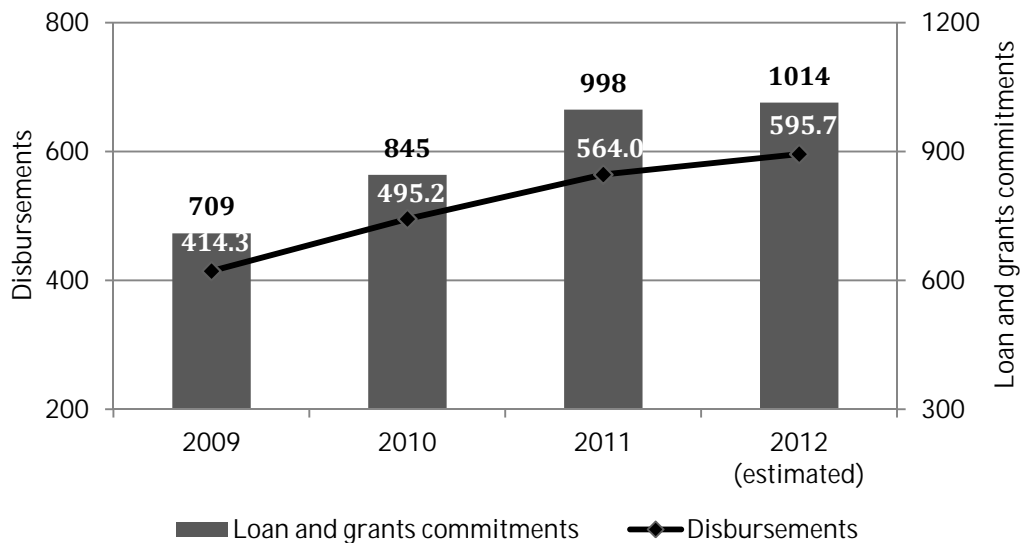
^a Commitments exclude country, regional and global grants of US\$123.4 million in IFAD7 and US\$120.2 million to date in IFAD8.

^b IFAD8 figures do not include the Executive Board approvals in December 2012.

18. Finally, new commitments have been closely paralleled by disbursements – actual resource delivery to the field. Graph 1 shows the evolution of the commitment level and the disbursement level (including whole year estimates for 2012): over the three-year period of end-2009 to end-2012, disbursements are projected to increase by over 40 per cent.

Graph

Loan and grant commitments and disbursements
(Millions of United States dollars)



IV. Results achieved: Performance against RMF measures and targets

19. IFAD is delivering fully on its IFAD8 obligations relative to increased commitments and cofinancing. However, although increasing the commitment and delivery of resources, both its own and those of project cofinanciers, is a critical performance dimension, that is not IFAD's objective. Its objective is to achieve impact on the incomes and food security of poor rural people. Confronted by the daunting problems of systematic and comparable data collection and measurement, as well as by the issue of attributing changes in income and food security to a particular set of factors, the development community and individual agencies within it have not sought to measure impact directly. Instead they, and IFAD, have used a set of indicators of impact: measures of variables that are assumed, on the basis of best available evaluation evidence, to vary positively with income and food security. This was the approach adopted, as the "industry standard", by IFAD's membership in designing IFAD's RMF for IFAD8. In the IFAD9 period, IFAD will endeavour to move to direct and systematic impact measurement and attribution.
20. The IFAD8 RMF established five levels of indicators. Level 1 involves the high-level income, food security and agricultural development indicators discussed in section II. This is not intended to track IFAD's performance, but rather to give an indication of change in the general condition of rural poverty and food insecurity – to which IFAD contributes. Level 2 indicators (project outcomes) address the performance of various dimensions of IFAD-funded projects at their closure. These are considered relatively strong indicators (but clearly not measures) of impact on poverty and food security. However, they have limitations with regard to assessing IFAD's specific contribution, given that a great deal of responsibility for project outcomes depends on the work of the implementing parties – governments, civil society organizations and smallholders. The RMF has specific targets for performance against these indicators.
21. Level 2 indicators are not quantitative: they are the result of expert assessments. In contrast, level 3 indicators are quantitative: they measure the outputs of current projects. The assumption is that if current projects are reaching high output levels and the outputs are the right ones, then they are likely to reach positive project outcomes. Again, responsibility for performance in this area is shared. If IFAD has done its job well, outputs are likely to be strong – but only if the implementing

partners are also doing their job well. Because concrete outputs will vary enormously according to the type of project, most indicators are tracked rather than targeted. A key exception is the number of people reached in IFAD-funded projects. Clearly this is not the same thing as the number of people moved out of poverty (the apex performance indicator of the IFAD9 RMF), but positive movement can be taken as an indicator of the likely increase in people being moved out of poverty. This number has doubled relative to the baseline.

22. Level 4 indicators involve variables that are more clearly under the control of IFAD itself and more directly express its performance. They are about what IFAD itself does in programme development, project design, and project implementation support. This is where IFAD's direct accountability is highest, where the assessment and reporting platforms are most rigorous, and where the suite of targets is the most comprehensive.
23. Level 5 is about the effectiveness of the general institutional framework that supports direct development operations – as a predictor of efficiency in supporting achievement of value for money in impact, not only in terms of cost, but also in terms of timeliness and proper usage of human resources.
24. IFAD's RMF for IFAD8 is an important step in the path from the world of development anecdotes to one of recorded and measured performance in areas that are important for the achievement of impact. It is also – in the critical area of development effectiveness – an attempt to move beyond self-assessment by IFAD of its own performance: reports prepared by governments on project performance at completion are compared with findings of the Independent Office of Evaluation of IFAD (IOE); assessment of country programme performance is made by IFAD's country partners; and the quality of project designs is assessed by an arm's-length panel of external experts. Nonetheless, the RMF includes indicators rather than direct measurements of impact, and most of the assessments made relative to performance reflect human judgements about the likely consequences of actions (or design approaches). Moreover, trends in performance (particularly at completion) cannot be firmly established on the basis of data variations over a small number of years: what appears a trend can equally be a simple variation in the specific characteristics of a cohort of projects.
25. All international financial institutions (IFIs) implementing RMFs are acutely aware of these inherent limitations, and emphasize that such frameworks are neither precision measurement tools nor precision guidance devices. They are designed to give the best possible information that informed judgement can generate – about variables that current thinking identifies as important for the achievement of objectives. IFAD's RMF is no different: it gives an indication of performance. Its data are best viewed as being approximate, or "more or less" accurate. It is possible to speculate about finer trends, but only with many caveats – particularly over the shorter term. The RMF gives comfort that IFAD is broadly on course – or alerts that there may be an important issue requiring corrective action. This is important information, but it is not – nor is it intended to be – the basis of "microsurgery". Taking those considerations into account, IFAD's performance in the review period in levels 2-5 of the RMF are as follows.

A. Key project outputs (RMF level 3)

26. Each year IFAD aggregates key outputs of its ongoing operations using the data generated by the Results and Impact Management System (RIMS). RIMS covers a wide range of outputs. Included in the RMF are those identified by members as the most relevant to the six strategic objectives contained in the IFAD Strategic Framework 2011-2015 (document EB 2011/102/R.2/Rev.1).
27. At the end of 2011, IFAD had 259 projects in the ongoing portfolio. Of these, 13 were approved in the year 2000 or before, 67 between 2001 and 2004, 88 between 2005 and 2007, and 91 in and after 2008. Of the 259 projects, 174 reported their

outputs directly to IFAD. For the remaining 84 projects, the outputs were estimated using extrapolation. The results for these indicators are presented in table 4.

Table 4
IFAD's contribution to country programme and project outputs (level 3)

<i>Indicator</i>	<i>Baseline value</i>	<i>2011 achievements</i>
3.1 People receiving services from IFAD-supported projects (n)	29.2m	59.1m
		(target 2012: 60m)
Male:female (percentage)	57:43	52:48
<i>Natural resource management</i>		
3.2 Common property resource (CPR) land under improved management practices (ha)	3.86m	3.73m
3.3 Area under constructed/rehabilitated irrigation schemes (ha)	228 000	356 000
<i>Agricultural technologies</i>		
3.4 People trained in crop production practices/technologies	1.72m	4.83m
Male:female (percentage)	50:50	64:36
3.5 People trained in livestock production practices/technologies	1.07m	1.20m
Male:female (percentage)	35:65	55:45
<i>Rural financial services</i>		
3.6 Active borrowers	4.35m	4.26m
Male:female (percentage)	52:48	31:69
3.7 Voluntary savers	5.44m	4.96m
Male:female (percentage)	51:49	32:68
<i>Marketing</i>		
3.8 Roads constructed/rehabilitated (km)	15 000	20 972
3.9 Marketing groups formed/strengthened	25 000	16 394
<i>Microenterprises</i>		
3.10 People trained in business and entrepreneurship	0.16m	1.45m
Male:female ratio (percentage)	53:47	25:75
3.11 Enterprises accessing facilitated non-financial services	19 000	302 000
<i>Policies and institutions</i>		
3.12 People trained in community management topics	0.67m	3.18m
Male:female ratio (percentage)	38:62	25:75
3.13 Village/community action plans prepared	24 000	48 900

Source: Results and Impact Management System.

28. The number of people receiving services from IFAD-assisted projects has more than doubled in the last four years, reaching just over 59 million people at the end of 2011.¹ This figure is close to the IFAD8 target of 60 million people set for 2012, and considering the measurement instruments involved, the difference is statistically insignificant. Depending on the nature of the projects entering and exiting the ongoing portfolio, the level and sector composition of outputs delivered varies over time, as does the male:female ratio of beneficiaries. Information obtained in the last two years shows an increased share of women receiving services from IFAD-supported projects. This is fully in line with IFAD's gender policy and its Policy on Targeting, and consistent with the positive assessments upon completion of IFAD-supported projects with respect to gender. A pronounced increase in community institution-building and the increased share of women in these institutions is yet another trend seen in the 2011 performance figures.
29. The rapid increase in IFAD's outreach is explained by a number of factors. First, it takes less time now than in the past for approved projects to become operationally

¹ In order to allow for a common reporting period across IFAD-funded projects, RIMS for first-level results has adopted the calendar year (1 January-31 December) as the reporting period. This stands in contrast with other portfolio-related figures, which use 1 July-30 June as the reporting period. The latter allows for more current reporting in the RIDE, which is discussed during the December session of the Executive Board.

effective. Second, as noted in paragraph 18, disbursement performance has improved significantly over the last four years, helping projects expand their outreach faster. Third, increased mobilization of cofinancing from non-IFAD sources has allowed IFAD to reduce its own level of financing per beneficiary. The latter has allowed IFAD to cover larger numbers of beneficiaries with the same amount of financing. Fourth, portfolio composition is changing in favour of sectors such as marketing support that help reach more beneficiaries with the same level of investment. Fifth, with a significant shift towards value chain projects, beneficiary targeting has become more inclusive.

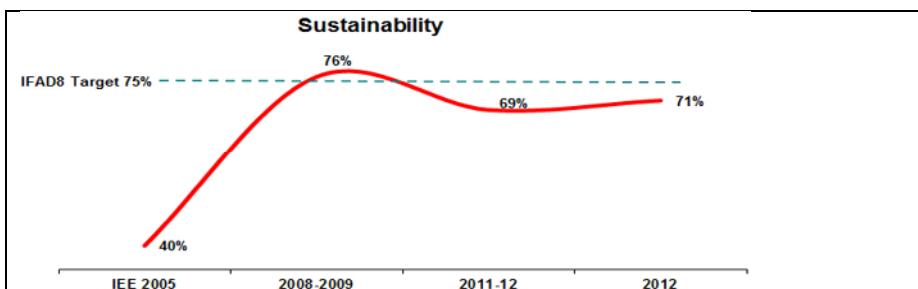
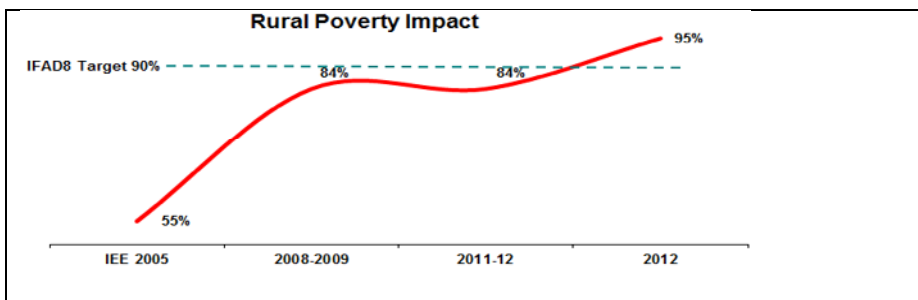
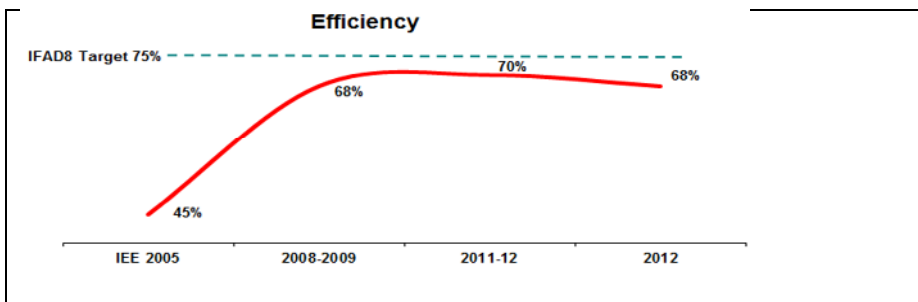
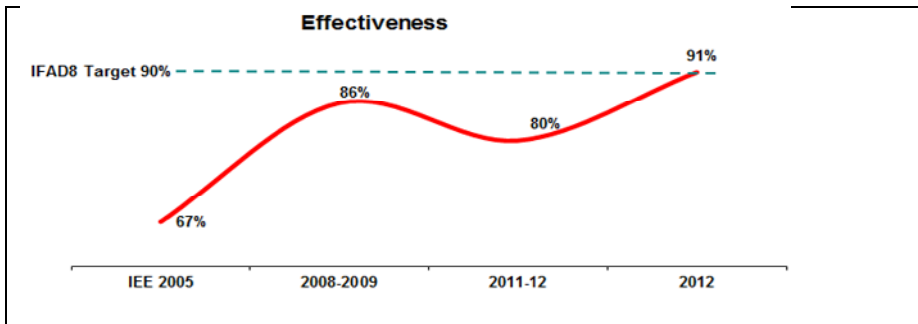
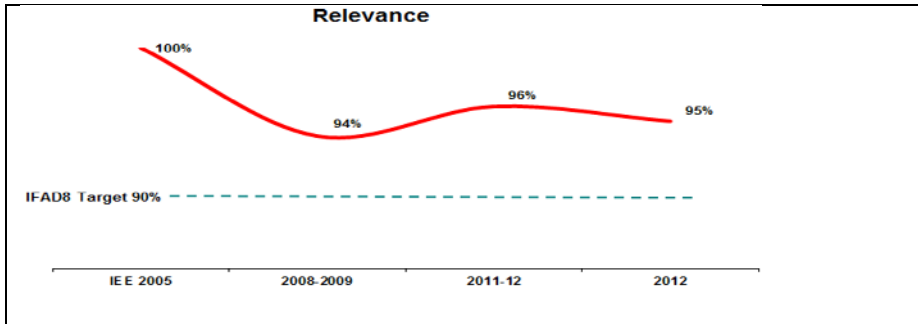
30. In light of the above, the ongoing portfolio shows a significant upward trend in project outputs during the review period. Results are particularly high for irrigation (up by 56 per cent compared with the baseline) and people trained in crop production and livestock (which together rose by 116 per cent). This trend closely follows IFAD's focus on small-scale agricultural production as a key contributor to economic growth and broader food security (IFAD Strategic Framework 2011-2015, paragraph 49). Robust increases are also realized for market-related indicators such as the kilometres of roads constructed/rehabilitated, people trained in business, and enterprises accessing business advisory services. This latter set of changes allows for better integration between small-scale agriculture and non-farm activities that contribute to agricultural value chains.

B. Outcomes and emerging impact (RMF level 2)

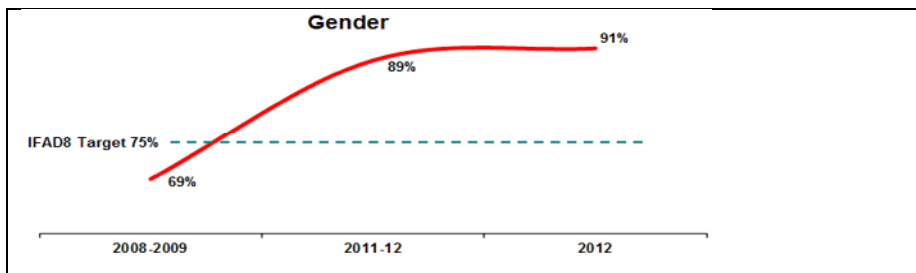
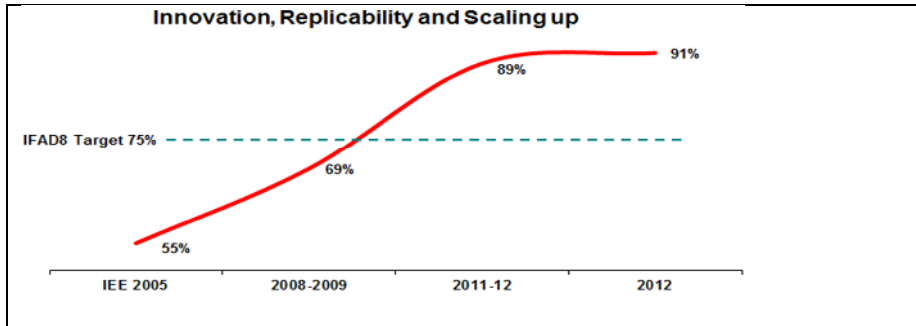
31. At RMF level 2, IFAD assesses project and programme outcomes achieved and emerging impact observed. These are considered at project completion using a six-point scale based on quantitative information for each impact domain examined.² IFAD's RMF rates a project positively if it has a moderately satisfactory or better performance. An example of a positively rated project is provided in the box below on the National Agricultural Advisory Services Project in Uganda.
32. Recent performance against the findings of the Independent External Evaluation of IFAD (IEE) (2005) and the IFAD8 RMF baselines and targets is presented below. Reported results are based on assessments of the entire universe (not a sample) of projects closing in a given year. With a relatively small number of projects closing yearly (around 25), year-on-year performance comparisons can be significantly skewed by a small number of well-performing or poorly performing projects. More reliable trend analysis requires that results be drawn from a much larger project universe spread over several years. However, IFAD is not yet in a position to provide comparative results based on wider time frames of four or five years. Nevertheless, results for projects closed over two-year periods permit a somewhat more reliable assessment of performance. Thus, results shown in the charts that follow compare the IFAD8 RMF baseline (2008-09) with current performance (2011-12), with both time frames consisting of a sample of around 50 projects. Data for projects closed in 2012 are also presented to show most recent results and as a preliminary indication of possible future trends. In light of this, and as noted in paragraph 25, results and trends presented below should be considered indicative and interpreted with caution.
33. The results presented below are drawn from the annual portfolio performance review, which will be disclosed in line with IFAD's disclosure policy.

² A rating of 6 is equal to highly satisfactory; 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory; and 1 = highly unsatisfactory. A score of 4 or higher reflects overall positive performance.

Charts on IFAD8 RMF level 2 indicators



Charts on IFAD8 RMF level 2 indicators (continued)



34. **Achievements since IEE.** The performance of the Fund in major outcome areas has improved remarkably since the IEE was published in 2005. The trend has been broad-based and comprehensive since all six outcome areas have improved, some dramatically so as in the case of innovation and scaling up (improved by 34 percentage points), rural poverty impact (29 percentage points), sustainability (29 percentage points) and efficiency (25 percentage points).
35. **Achievements in IFAD8.** Subject to data qualifications, and given the relatively short time interval between the IFAD8 RMF baseline reference period (2008-09) and that of the latest results available (2011-12 and 2012), for most indicators performance trends can be characterized as steady, and close to the 2012 targets set for IFAD8. This appears to be the case for effectiveness, efficiency, rural poverty impact, and sustainability. Data for 2012 appear to suggest a budding positive trend for effectiveness and rural poverty impact. In the case of relevance, strong and above-target performance was maintained. Buoyant tendencies appear clearer in the areas of innovation, replicability and scaling up, and on gender, with targets for both outcome areas comfortably exceeded.
36. **Achievements in 2012.** Portfolio performance was poor until 2010, when a radical clean-up was undertaken. This process resulted in closing down many of the non-performing or underperforming projects.³ The performance of the Fund's portfolio of projects largely recovered in 2012. The projects completed and reviewed in 2012 show a higher-than-targeted level of performance in terms of their relevance (95 per cent), effectiveness in achieving development objectives (91 per cent), rural poverty impact (95 per cent), innovation and scaling up (91 per cent), and gender (91 per cent).

³ Three non-performing projects (one each in Cameroon, Chad and Guinea) and five underperforming projects (one each in Cambodia, Pakistan, Mexico, Grenada, and the Bolivarian Republic of Venezuela) were closed.

National Agricultural Advisory Services Programme

The National Agricultural Advisory Services Programme (NAADS) was a core programme of Uganda's Plan for Modernization of Agriculture, the country's policy framework for agriculture. The programme's overall goal was to increase the security of rural livelihoods, with sustainable improvements in agricultural productivity and household incomes. Its purpose was to enable poor farmers to become aware of, and to adopt, improved technology and management practices in their farming enterprises in order to enhance their productive efficiency, their economic welfare and the sustainability of their farming operations. The programme was developed to span 25 years and to be implemented in phases. The first phase ran from 2001 to 2009. By its closure, it had achieved a country-wide roll-out covering 79 districts and 1,066 sub-counties. The programme was designed to be demand-driven, with an approach that was responsive to community aspirations. It showed flexibility, and responded well to some implementation hurdles, mainly when it was suspended during 2007-2008 due to political difficulties. The programme was cofinanced and supervised by the World Bank, which conducted at least two supervision missions per year.

NAADS achieved its objective of increasing the capacity of farmers to demand advisory services. In total, it issued 4,600 advisory services contracts that were implemented by farmers in crop, livestock, apiculture and fisheries enterprises. The programme also contributed strongly to the adoption of technologies and practices, promoting 41 different types of technologies to support the development of farmers' enterprises. Despite having an initial focus on production, the programme also significantly contributed to increasing farmers' capacity to demand post-production technologies, and post-harvest and marketing information. To this end, it adopted a new model for doing business, based on the establishment of public-private partnerships (PPPs) as part of its value chain strategy. Some 25 PPPs were established, which facilitated the emergence of agroprocessing facilities and plants. This enabled farmers to move into commercial production, to reach a market and become more proactive in value chain development.

The programme's impact has been significant. Advisory services delivered through technology demonstrations were effective in realizing improvements (on average by 27 per cent) in agricultural production and productivity. In terms of agricultural income per capita stemming from increased productivity and better marketing, the average total effect of the programme has been estimated at 20,123 Ugandan shillings. This represents about 16 per cent greater per capita agricultural income for programme beneficiaries over non-beneficiaries, with some differences over the programme's various regions. NAADS also contributed notably to the creation of farmers' organizations. It established: (i) one national farmers' forum; (ii) 55,000 farmers' groups; (iii) 648 sub-county farmers' forums; and (iv) 79 district farmers' forums. In some districts, over 200 apex farm organizations were also established with the aim of developing crop-based, tree-based, or livestock-based enterprises as agribusiness ventures. These organizations were geared towards greater resource mobilization and management, and towards collective input and output marketing. Through all these farmers' institutions, farmers were empowered at all levels and were supported to participate in meetings, enterprise selection, demonstrations and training. The establishment of the National Farmers' Forum was the final step in establishing farmers' institutions. The national forum has enabled farmers to participate directly in and to influence the national agricultural development agenda, and to voice their concerns on national-level issues affecting the programme.

A strong framework has been created for the implementation of the subsequent phases of the programme as well as for the overall management of agriculture advisory services in the country. A follow-up phase of NAADS, the World-bank financed Agricultural Technology and Agribusiness Advisory Services Project, was approved in September 2010.

C. IFAD's country programme, project design and implementation support management (RMF level 4)

37. Level 4 RMF indicators assess the performance of IFAD's country programmes and projects at entry and during implementation.
38. The first subset of indicators assesses the performance of IFAD country programmes. To this end, IFAD uses an arm's-length quality assurance process and conducts an annual client survey in which country partners (governments, other donors and stakeholders that IFAD works with in-country) assess (i) IFAD's contribution to increasing incomes, improving food security and empowering rural poor women and men, and (ii) its adherence to the aid effectiveness agenda.
39. In IFAD8, a total of 17 country strategic opportunities programmes (COSOPs) were presented to and approved by the Executive Board (Azerbaijan, Bangladesh, Benin, China, Côte d'Ivoire, Democratic Republic of the Congo, Dominican Republic, Egypt, India, Lao People's Democratic Republic, Liberia, Mozambique, Nigeria, Senegal,

Sierra Leone, Viet Nam and Zambia). All COSOPs were rated satisfactory or better at entry, compared with a baseline figure of 90 per cent in 2008.

40. The client survey undertaken in 2012 found that, of the “clients” in the 36 countries surveyed, 98 per cent rated IFAD’s adherence to the aid effectiveness agenda as satisfactory or better, up from 79 per cent in 2008. Slight underperformance was reported in the Democratic Republic of the Congo and Mauritania with respect to the harmonization of processes with other donors. All clients felt that IFAD was contributing to increasing incomes, improving food security, and empowering poor rural women and men.

Table 5

Better country programme management

<i>Indicator</i>	<i>Source</i>	<i>Baseline year</i>	<i>Baseline value</i>	<i>2012 achievement</i>	<i>2012 target</i>
Percentage of country programmes rated 4 or better at entry for:					
Contribution to increasing incomes, improving food security, and empowering poor rural women and men	Client survey	2008	86	100	90
Adherence to aid effectiveness agenda*	Client survey	2008	79	98	100

* As aggregated percentages of all countries surveyed. The aid effectiveness score includes subscores for country ownership, alignment and harmonization.

Quality at entry of investment projects⁴

41. Between 1 July 2011 and 30 June 2012, 42 projects were reviewed by IFAD’s quality assurance system, which is at arm’s length from the Fund’s operations and involves an international panel of experts assessing projects at the end of the design stage just before Board submission. Projects have not yet started up at this stage so it represents a “lead” indicator. The results are presented in table 6.

Table 6

Quality-at-entry ratings

<i>Indicator</i>	<i>Baseline year</i>	<i>Baseline value</i>	<i>2011-12 achievement^a</i>	<i>2012 achievement^b</i>	<i>2012 target</i>
Percentage of projects rated 4 or better at entry for:					
Effectiveness	2008-09	93	95	95	90
Rural poverty impact on the target group (e.g. through physical and financial assets, food security, empowerment)	2008-09	91	97	98	90
Sustainability of benefits	2008-09	81	78	93	90
Innovation, learning and/or scaling up	2008-09	86	84	93	90

^a This column contains a two-year moving average and is comparable to the baseline value and the target.

^b These are the ratings for latest cohort of 42 projects reviewed in one year.

Source: Quality-at-entry assessments.

42. In an analysis of the data presented, it is important to note that the cohort of projects reviewed since the introduction of the quality assurance process varies significantly in terms of sector orientation and the date they were identified and entered into IFAD pipeline. The data sets thus obtained therefore should not be used to discern any trend, at least in the short to medium term. A comparison with the target set in the RMF is, however, possible. IFAD’s performance in the latest quality assurance review cycle has exceeded the target set for 2012 – by a substantial margin in the case of likely effectiveness in achieving project objectives and in likely rural poverty impact. The results achieved are well above the target in the case of sustainability of benefits and of innovation, learning and/or scaling up; and it is noteworthy that, in both these outcome areas, a better-than-targeted level

⁴ As some projects are financed by grants as well as loans, the term “investment projects” has been used.

of performance was achieved for the first time in the 2012 review period. Sustainability has been improving in completed projects, but is still slightly below the RMF target. A stronger focus on design has resulted in significant advances, which will be reflected over time in projects at completion. Scaling up is a strategically vital dimension of IFAD's work. It will be assessed separately in the IFAD9 RMF, and is receiving systematic support in programme development and implementation (see paragraphs 170-172).

43. As arm's-length quality assurance of projects at entry is a relatively new process in IFAD, it is too early to attribute the improvements to a factor or a set of factors. Tentatively at this point, the quality assurance secretariat indicates that possible reasons could be: an improved design process, including the increased participation of IFAD technical advisers in the process; strengthened monitoring and evaluation systems and knowledge management; greater emphasis on scaling up; more rigorous economic and financial analyses; and greater attention to institutional and governance-related issues. A more detailed account of the quality assurance secretariat's findings and analysis is provided in the Annual Report on Quality Assurance in IFAD's Projects and Programmes provided in annex 3.

Project implementation support

44. RMF indicators for project implementation support include areas that are likely to contribute to enhancing the overall effectiveness of projects as well as IFAD's efficiency in managing business processes.

Table 7

Project performance during implementation

<i>Indicator</i>	<i>Source</i>	<i>Baseline year</i>	<i>Baseline value</i>	<i>2012 achievement</i>	<i>2012 target</i>
Percentage of projects in the current portfolio actually receiving international cofinancing	PPMS	April 2009	56	63	65
Average time (months) from project approval to first disbursement	PPMS	2007-2008	21	18	14
Percentage of problem projects in which major corrective actions are taken (proactivity index)	Div PPR	2008	63	43	75
Percentage of problem projects in ongoing portfolio	PPMS	2006-2007	17	18	15 ^a
Percentage of time overruns for ongoing projects	PPMS	2006-2007	23	20	20
Average days for processing withdrawal applications (directly supervised projects)	WATS	2008	n/a	-12%	-10% over 2009

Note: PPMS = Project Portfolio Management System; Div PPR = divisional portfolio performance report; WATS = Withdrawal Applications Tracking System.

^a This represents projects identified as actual problem projects.

45. Cofinancing is one such indicator; it measures the percentage of projects in the ongoing portfolio that are being cofinanced. IFAD's performance improved in 2012, with 63 per cent of projects receiving international cofinancing, almost meeting the 2012 target of 65 per cent. The value of cofinancing has grown materially (see paragraph 17).
46. The average time taken from project approval to first disbursement has improved since 2008-09, but is not yet close to the 2012 target of 14 months. Overall performance tends to be affected by a small number of projects that require either legislative ratification before start-up or approval for implementation by subnational entities.
47. The ratio of actual problem projects to the total ongoing portfolio has stabilized at about 18 per cent in 2012. Because of the increased emphasis on early warning, operational divisions have identified more projects that are potentially problematic.

These at-risk projects, which are not yet problem projects, represent an additional 5 per cent of the ongoing portfolio. Two institutional factors have contributed to the reported level of problem projects:

- The rating criteria have been tightened over the years to minimize the risk associated with portfolio results; and
 - More information has become available, mainly due to direct supervision, and consequently awareness has increased, together with the commitment to make realistic assessments of risk.
48. However, when seen from a longer-term perspective, it is apparent that agricultural and rural development projects are inherently riskier than ones in other sectors. Furthermore, IFAD's emphasis on targeting the most remote and poorest areas inhabited by marginalized populations requires the Fund to take relatively higher-level risks in designing and implementing projects.
49. Given the factors mentioned above and realizing that setting a quantitative target for problem resolution creates a perverse incentive that could reduce rigour in performance rating, IFAD will track this indicator during IFAD9 without a target.
50. IFAD-funded projects are highly participatory in nature and focus on building institutions at the grass-roots level. These factors make projects highly relevant and effective in achieving development objectives, but also more time-consuming. The time from project start-up to completion, including the time overrun, was therefore identified as an indicator under the RMF. Similarly, the average time to process withdrawal applications was identified as another indicator of IFAD's internal process efficiency. The latter also measures responsiveness to clients' needs. IFAD's performance has improved over time and is well within the target set against both of these indicators.

IFAD's performance as a partner

51. Historically, IFAD suffered from a low level of performance as a partner of government and cofinanciers – a situation that has rapidly been put behind. From a low base of 39 per cent of the projects reporting moderately satisfactory or better performance in 2002-04, performance improved to 62 per cent in 2006-08 – and to 83 per cent in 2011.

Table 8

IFAD performance as a partner

<i>Indicator</i>	<i>Source</i>	<i>Baseline year</i>	<i>Baseline value</i>	<i>2012 target</i>	<i>2009-11 achievement</i>
Percentage of projects for which IFAD performance rated 4 or better	ARRI	2006-2008	62	75	83

Note: The baseline figure was changed from 64 per cent to 62 per cent to reflect the three-year moving average, instead of the two-year moving average used by RMF, to make it comparable with the figures presented in the 2012 Annual Report on Results and Impact of IFAD's Operations (ARRI).

52. IFAD is valued and trusted by government. It is responsive and shows flexibility, when warranted. Nonetheless, despite these positive characteristics, IFAD-funded projects in the past suffered from weaknesses in project design, reflecting at times a lack of clear understanding of the national and local institutional context. IFAD was also disadvantaged by its limited contact with projects during implementation, as it was required to entrust project supervision to cooperating institutions. The Fund has made serious attempts to address these issues by bringing over 90 per cent of the ongoing portfolio under direct supervision (see paragraphs 56-61), by setting up close to 40 country offices (see paragraphs 53-55), and by instituting systems and procedures for improving project design quality. The improvement in IFAD's performance as a partner reflects these changes.

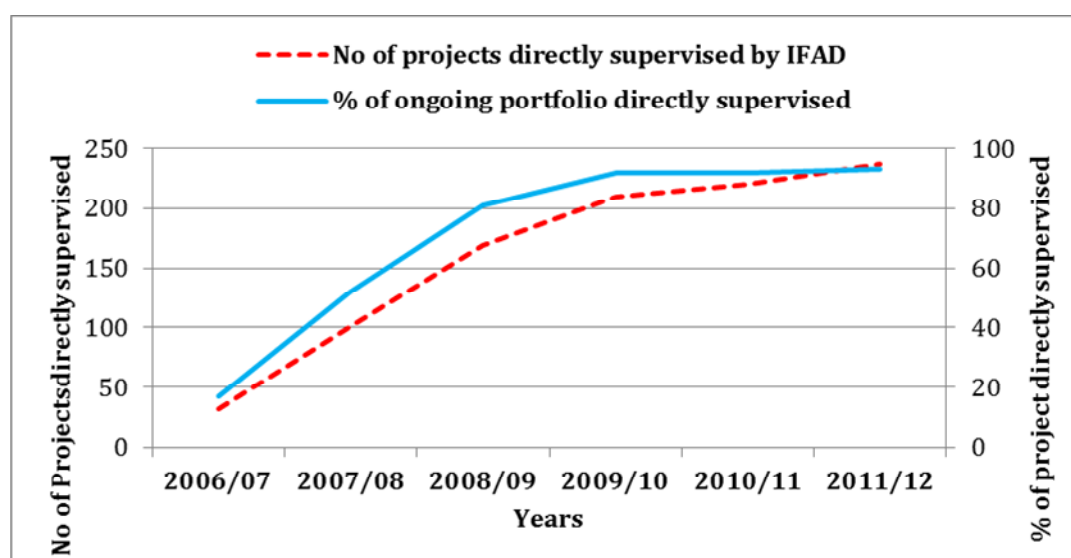
IFAD country offices

53. IFAD's country presence strategy emphasizes four interrelated focus areas of work: (i) country programme development and implementation support; (ii) partnership-building; (iii) policy dialogue; and (iv) knowledge management and innovation. These focus areas represented weaknesses in IFAD's original operating model, which identified IFAD basically as a funding agency that operated solely from headquarters and with minimum involvement during project implementation. The country presence pilot, together with the direct supervision pilot (launched prior to the country presence pilot), was expected to address these major structural weaknesses in IFAD's operating model. The two initiatives are mutually reinforcing: country presence smooths the implementation of direct supervision; and direct supervision provides country offices with an instrument to help expedite project implementation, pursue closer dialogue with government and other partners, and extract and disseminate knowledge more efficiently.
54. IFAD's self-assessment of experience with country presence shows that the initiative's impact has been particularly pronounced in the area of implementation support, as shown by differences in project performance improvements in countries with and without country offices. Similarly, a review of project and country programme evaluations conducted by IOE also shows that countries with IFAD country presence perform much better on key dimensions. The shift in IFAD's basic operating model in recent years – towards enhanced development effectiveness through direct project supervision, better alignment with national systems, increased focus on partnership-building and policy dialogue, and better knowledge management – has justified IFAD's decision to strengthen its country presence further.
55. IFAD's Country Presence Policy and Strategy was approved in May 2011. This policy allows IFAD Management to establish up to 40 country offices; it has opened 38 offices so far. The policy also envisages the outposting of about 20 country programme managers (CPMs). This is in response to the independent and self-evaluation finding (echoed by Member States) that the model of outposted CPMs is more effective in terms of achieving results than the model in which locally recruited country programme officers (CPOs) manage the office. In this light, outposting additional CPMs is emerging as a priority issue. In early 2012, IFAD Management approved an incentive package to encourage CPM outposting to IFAD country offices, and took several critical decisions to streamline administration of country offices and enhance their overall efficiency and effectiveness.

Direct supervision

56. Improving the quality of project implementation has been a priority for IFAD in achieving better results on the ground. Reflecting this, IFAD has sought to: examine, clarify and enhance the role of supervision and implementation support; create in-house capacity to provide supervision and implementation support to projects; and use the supervision process to strengthen knowledge management. As a result, the number and share of directly supervised projects has risen significantly in the last five years, as can be seen from chart 2.

Chart 2
Number and percentage of projects directly supervised



57. In terms of building in-house capacity, IFAD has forged ahead quickly. In 2009, a supervision support unit was created in the Programme Management Department front office to facilitate adoption of supervision responsibilities across the organization. The unit established systems for handling withdrawal application processing and provided services to regional divisions to process withdrawal applications,⁵ and to review procurement decisions. An important aspect of this work has been training staff to undertake the new supervisory role. By June 2012, more than 250 staff had completed the supervision training programme, of which 63 were IFAD country office staff. Similarly, 139 staff completed basic procurement and certification with Crown Agents, while 98 staff attended an introductory course on procurement provided by the International Labour Organization (ILO). During that period, the Withdrawal Application Tracking System (WATS) was also implemented. WATS provides timely information on the status (and location within IFAD) of withdrawal applications.
58. In-house capacity-building has allowed CPMs and CPOs to be more intensely involved in the supervision process – often acting as mission leaders (see table 9).

Table 9

Number of projects for which staff participated in supervision missions

	Country programme manager	Country programme officers	Consultants	Others	Information not available	Total	Supervisable projects
2010	133	10	73	4	3	223	213
2011	111	10	96	2	5	224	223
Total 2010 and 2011	241	20	169	6	8	447	

59. A total of 58 per cent of supervision missions were led either by CPMs or CPOs in 2010 and 2011. Considering that IFAD as an institution historically had little experience in direct supervision, the proportion of CPM-led supervision mission can be considered highly satisfactorily.

⁵ Withdrawal applications are submitted by project units in order to apply for disbursements against project cost categories.

60. The annual portfolio review shows that there are a number of areas where more supervision and implementation support would have helped to improve portfolio performance. The ambitious IFAD9 impact targets will have to be met largely through improved performance of projects that are already ongoing. Both factors suggest the need for targeted improvements in supervision and implementation support.
61. On average, IFAD-financed projects receive one full supervision mission per year, for a period typically lasting less than 12 days. A significant proportion (but far from all) of the projects also benefit from an implementation support or follow-up mission. In 2011, for the 223 projects to be supervised, only 163 implementation support/follow-up missions were fielded. As most IFAD-funded projects are located in remote areas and the institutional weaknesses adversely impact project performance, this level of supervision input cannot yet be considered ideal.

D. Institutional management and efficiency (RMF level 5)

62. IFAD can exercise more or less direct control over performance related to institutional management and efficiency. Level 5 of the RMF addresses this area with indicators under four headings: improved resource mobilization and management; improved human resource management; improved risk management; and improved administrative efficiency. Overall, performance has been on track to meeting the RMF targets for 2012.

Table 10

RMF Level 5 – IFAD’s institutional management and efficiency

<i>Indicator</i>	<i>RMF baseline</i>	<i>Actual</i>	<i>RMF target (2012)</i>
Improved resource mobilization and management			
5.1 Percentage achieved of IFAD8 replenishment pledges (at time of reporting)	55	88	100
Improved human resource management			
5.2 Staff engagement index: Percentage of staff positively engaged in IFAD objectives	70	71*	75
5.3 Percentage of workforce in programmes	56	65	65
5.4 Percentage of workforce from Lists B and C Member States	33	39	Tracked
5.5 Percentage of women in P-5 posts and above	30	30	35
5.6 Average time to fill Professional vacancies (12-month rolling)	141	126	100
Improved risk management			
5.8 Percentage of actions overdue on high-priority internal audit recommendations	76	48	20
Improved administrative efficiency			
5.9 Percentage of budgeted expenses per US\$1 of loan and grants commitments	16.3	13.9 (planned)	13.5

Sources: Office records.

* This figure refers to the Staff Engagement Index 2011. The 2012 data will be available in November.

Note: Indicator 5.7 "Cost per pay slip" is not tracked anymore.

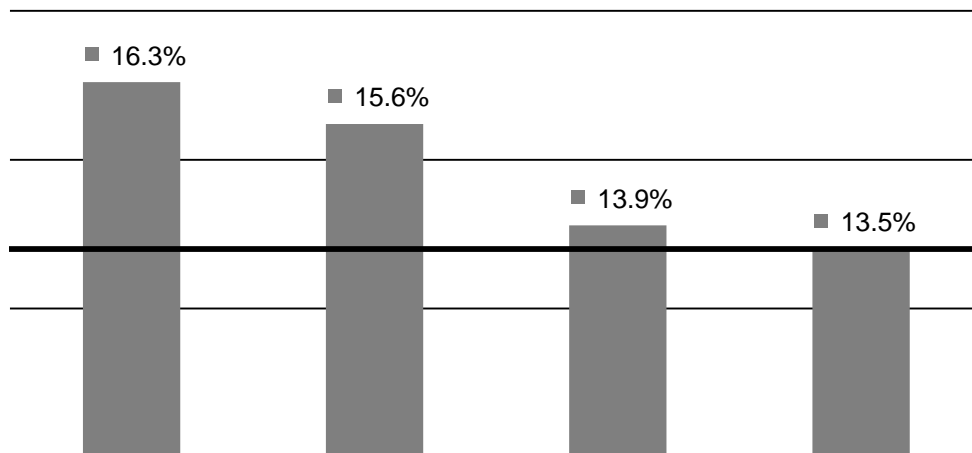
63. So far, pledges made to IFAD8 amount to 88 per cent of the target (US\$1.056 billion against the target of US\$1.2 billion). IFAD’s improved resource mobilization and management might be better judged by success to date in IFAD9: the agreed target was 25 per cent higher than in IFAD8, and by September 2012, a remarkable 94 per cent of the IFAD9 pledge target was already reached (US\$1.404 billion out of US\$1.5 billion).
64. During the IFAD8 period, IFAD accorded a high priority to human resource management reform. The principal objectives – a more flexible, diversified, engaged and motivated workforce – were achieved. The percentage of the workforce in programmes rose from 56 per cent to 65 per cent and reached the

RMF target for 2012. Staff from Lists B and C Member States account for 39 per cent of IFAD's total workforce, up from 33 per cent in 2010. The percentage of women in P-5 posts and above is 30 per cent. This is below the RMF target of 35 per cent, but the recent series of appointments of women to middle and senior management positions indicates a positive trend. The staff engagement index, i.e. the percentage of staff positively engaged in IFAD objectives, has improved to 71 per cent (2011 data) and is getting closer to the RMF target of 75 per cent. Results for 2012 will be reported orally at the December Executive Board session after completion of the latest staff engagement survey.

65. The average time to fill vacancies in the Professional category is tracked as a surrogate for broader efficiency measures in the area of human resource management administration. As a consequence of the deployment of an automated and web-based front end to the recruitment process in March 2011, the time to create long lists of candidates has been reduced by 50 per cent from 33 days previously to 14 days. This efficiency gain has contributed to a continuously improving average time to fill Professional vacancies (defined as the time between the closing of the vacancy announcement and the date of the Appointments and Promotions Board) from a peak of 180 days in late 2010, to currently 126 days. The RMF target of 100 days is likely to be reached soon.
66. Failure to address high-priority internal audit recommendations was identified as a RMF indicator to measure the exposure to organizational risks. Even though the ambitious target of 20 per cent has not been met, IFAD did succeed in addressing organizational risks more effectively: the percentage of actions overdue on high-priority internal audit recommendations dropped significantly from 78 per cent in 2010 to 48 per cent – and the absolute number of high-priority audit recommendations fell from 43 to 33.
67. Administrative efficiency – measured in terms of budgeted expenses⁶ against the total value of loans and grants committed – is used as an organization-wide efficiency indicator for IFAD8. Here progress is notable. In 2008, IFAD's efficiency ratio was 16.3 per cent. From 2009 to 2011, IFAD's loan and grant commitments rose by 19 per cent annually to a record level of US\$1 billion, compared with an annual growth rate of 8 per cent during IFAD7. The administrative budget increased at a much slower pace, resulting in an improved efficiency ratio of 13.9 per cent, just slightly above the RMF target of 13.5 per cent (see figure 1 below).

⁶ It should be noted that the expenses involved are not simply administrative expenses, but all expenses funded from the administrative budget, including all expenses for country programme development and implementation, which in many other United Nations organizations would be counted not as an administrative expense, but as an element of the programme of work.

Figure 1
Efficiency ratio (administrative budget against loan and grant commitments)



V. Laying the foundations for expanded impact

68. Overall, the RMF data presented in section IV show that the high expectations for the IFAD8 period are being met. The programme of work has expanded rapidly and cofinancing has increased even faster. Disbursements have risen. Notwithstanding the increased effort involved in expanding the volume of financing, the quality of IFAD's work has improved as measured by outcomes, impact and the key leading indicator of project design. Both country programming and project implementation have improved in the context of decentralization. And overall efficiency gains are on track. Yet, the outcomes of IFAD-funded projects reported in the RIDE tell the story of work often done years ago, under very different circumstances and with very different approaches from those currently prevailing. Key to IFAD's development effectiveness in the future is what it is doing today to confront new challenges and opportunities. This section highlights three vital and linked dimensions of IFAD's work today – necessarily on a highly selective basis:

- Developing ways for smallholders to participate in and shape agricultural economies in transformation;
- Building the social foundations for equitable and inclusive growth in the rural economy; and
- Constructing a new, more coherent and more effective development policy framework for smallholder development.

A. Responding to emerging issues in the smallholder economy and ecology

69. Issues involved in smallholder development vary enormously. However, two issues are becoming absolutely critical to the future of smallholders – globally. These are: establishing better links between smallholders and agricultural output and input markets (and larger-scale private-sector operators occupying an increasingly strategic position in both); and developing sustainable approaches for the use of the natural environment, including responses to climate change. While the content of IFAD-funded projects varies according to the specific context, the specific approaches will not be effective unless they also address these fundamental cross-cutting issues of the rural landscape.

Private sector, value chains and markets

70. The private sector, including smallholders themselves as the largest group of investors in agriculture (as well as the largest source of food supply) in many developing countries, has become the main source of investment and finance, job

creation, linkage to markets, and provision of technology, services, innovation and knowledge in rural areas. Increasingly, the smallholder economy is enmeshed in a complex system of input and output supply relations bringing together smallholders with medium- and large-scale private operators forging new agroprocessing and handling and distribution systems – often for the fast-developing urban markets of developing countries themselves. The public-sector role is changing rapidly, away from direct market and production engagement towards providing the appropriate policy environment and the infrastructure needed for private-sector businesses to thrive and for economies to grow.

71. The structural rise in agricultural commodity prices, the renewed interest of both private and public investors in the agricultural sector, and the growing global awareness about the need for sustainable agriculture have all contributed to creating new opportunities for smallholders – but also risks. A vital dimension of IFAD’s work today is about creating and implementing new ways for smallholders to grasp the opportunities – and manage the risks. In December 2011, IFAD adopted a new Private-sector Strategy⁷ mapping a more systematic and proactive approach to the private sector – be it small, medium or large, domestic, regional or international companies. The strategy will guide IFAD’s support to the private sector, which is aimed at: creating new linkages for poor rural producers; improving their (often market-based) access to inputs, services and technology; and increasing income-generating or job-creating opportunities for them.
72. Project outputs oriented to market development already represent an important part of IFAD’s work (see paragraph 30). In line with the new strategy, IFAD further increased its operational focus in the area of value chains, markets and private-sector development in 2012. Across the regions, market and market-related components now receive the largest percentage of financing by IFAD, with IFAD increasingly playing a role as a facilitator and honest broker in value chains, helping to forge inclusive PPPs anchored in the needs and resources of the biggest element of the private sector: smallholders. Typical activities include: facilitating linkages between small farmers and agroprocessors or commercial buyers; providing technical assistance for small farmers to increase their productivity and improve the quality of their produce to meet market standards; helping organize farmers into groups or associations to improve their interaction and negotiation with the private sector; helping integrate women and ethnic minorities into the supply chain to increase their incomes; supporting contract farming agreements between small farmers and private agribusiness companies; and building mutual trust between the communities, local public agencies and the private sector. By definition, value chains go beyond that, and many projects seek to expand and improve the efficiency of private-sector-led marketing, processing and retail links in the value chain – always with the aim of increasing the returns to small farmers.
73. In 2012, many new projects are either scaling up or replicating these activities. Uganda’s Vegetable Oil Development Project is entering its second phase and will continue to employ the previously established (and successful) PPP model, with built-in mechanisms to protect smallholder farmers’ interests. The first project phase leveraged US\$120 million from a private company to produce vegetable oil domestically. The partnership helped create a factory, plantation jobs and livelihoods for about 3,000 smallholder producers. The mutual dependency between the palm oil mill and the participating smallholders constitutes the basis of this intervention, providing a secure market for smallholder producers and guaranteeing the palm oil mill’s supply of raw material for primary processing. In addition to expanding volumes of production and area coverage, the project’s second phase will now bring the Kalangala Oil Palm Growers Trust to a stage of self-reliance and sustainability.

⁷ <http://www.ifad.org/gbdocs/eb/104/e/EB-2011-104-R-4-Rev-1.pdf>.

74. The newly approved Project for Rural Income through Exports in Rwanda assists 129,000 smallholder producers in taking advantage of concrete income opportunities in pro-poor cash crop value chains in partnership with private operators. The project scales up its predecessor, the Smallholder Cash and Export Crops Development Project, with an improved pro-poor approach. In turn, the Smallholder Productivity Promotion Programme in Zambia takes a value chain-based approach to agricultural extension, helping smallholder farmers to increase their productivity and respond more effectively to market demand in value chains of particular importance to them. The programme will target around 60,000 households to attain sustainable productivity growth and access to finance for local agricultural investments.
75. The Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme in Sao Tome and Principe, which is a PPP between IFAD, the Agence Française de Développement, the Government of Sao Tome and Principe, and five European private-sector partners (Kaoka, CaféDirect, Hom&Terre, Malongo and Société Générale Equipment Finance) also continues to produce successful results – and valuable lessons. One of the main activities of this PPP is to enhance returns on investments in traditional agricultural value chains (cocoa, coffee) through the use of organic and fair trade certification and the establishment of PPPs with European buyers. Its success in the coffee and cocoa sectors is now being replicated in the pepper and other spices sector. The main benefits to producers have been: up to fourfold product price increases; availability of resources to invest in the development of their associations and communities; increase in the ownership of their activities; upgrading of their technical and managerial skills and knowledge; and overall development of the communities they belong to, with a decrease of rural-urban migration flows and revitalization of the rural economy.
76. The private sector is also becoming a key strategic partner for IFAD in Asia and the Pacific. This is especially true in market and value chain projects, where private companies have started to cofinance the projects themselves – beyond the complementary investment that is typical of market-oriented projects. The portfolio now includes US\$20.3 million in private-sector cofinancing. In Fiji, IFAD is working with Vodafone and the Australia and New Zealand Banking Group Limited (ANZ) to deliver assistance to poor rural communities. In Papua New Guinea, the Productive Partnerships in Agriculture Project is improving the livelihoods of smallholder cocoa and coffee producers by strengthening industry coordination and institutions; facilitating partnerships between producers and agribusinesses for the provision of market access, technologies and services; and providing critical market access infrastructure. The International Cocoa Organization's linked Fair Trade Promotion Project is improving the organization, business skills, governance and export linkages of those producers, helping them achieve and maintain fair trade certification, and empowering them to negotiate fair terms of trade and fair prices for their produce and develop long-term partnerships with importers in premium markets. Both projects are working with the principal exporters in the two commodities who have established links with the main global players such as Mars Incorporated, Starbucks and Kraft/Cadbury, as well as with others that focus on the Australian and New Zealand markets. In Indonesia, opportunities for PPP are emerging and will be further developed to support smallholder market-oriented agricultural development, market access and value chain development such as the partnership with Mars Incorporated's extension services in Central Sulawesi and Papua. And in Sri Lanka, IFAD has a strong private-sector focused country programme in which two of the most recent projects were formulated through partnerships with the private-sector companies Cargills (Ceylon) PLC and Hayleys.
77. Strengthening the smallholder position in value chains does not always revolve around building new individual relationships with upstream and relatively large-scale private-sector agroprocessors and distributors. It frequently involves an equal focus on improving the capacity of farmers to organize important links in the value

chain for themselves or on simple but critical changes in existing institutional arrangements. For example, the Smallholder Dairy Commercialization Programme in Kenya focuses partly on developing the milk marketing chain, and has seen the volume of marketed milk increase from 4 to 7 litres a day for over 100,000 smallholder milk producers. Key activities include: capacity-building of dairy groups in terms of marketing skills and milk processing, and the collection of market information. The United Republic of Tanzania's Agricultural Sector Development Programme shows that improved market infrastructure can significantly open up marketing opportunities for crop and livestock traders, and that dissemination of key market information through radio and mobile phones can enhance market efficiency. About 34 cooperative societies are collecting and selling their crops (sunflower) through a warehouse receipt system. This system enables smallholders to avoid having to sell when prices are low and consequently has a huge impact on farm gate prices. One village registered increases in farmer prices for sunflower of over 240 per cent, leading in turn, to increased investment in production.

78. Outside of work on specific smallholder value chains, projects and programmes are exploring flexible, demand-led mechanisms to respond to a wider variety of opportunities, including by supporting the establishment of government-backed equity funds that finance private rural businesses – in Armenia, the Republic of Moldova and Yemen. The main objective of these funds is to invest or support private agroprocessing small and medium-sized enterprises (SMEs) and rural finance institutions that can provide employment opportunities in poor rural communities, procure their supplies from small-scale farmers, or provide diversified financial services to small rural producers. A vital dimension of work in exploring different sorts of support to smallholder market development and integration is learning. In 2012, IFAD organized a workshop with IFIs, United Nations organizations, bilateral organizations and private equity fund managers to take stock of the existing landscape of equity funds (private, multilateral and publicly funded) and to better understand their relevance to and impact on IFAD's target group.
79. In addition to loan-based activities, grants and supplementary funds to the private sector or to support PPPs (especially along value chains) are becoming an increasing feature of the portfolio, particularly for learning purposes. Recognizing the rapid growth in demand for sustainable certified food and other products, and the potential opportunities this can offer smallholder farmers and rural communities more generally, IFAD has promoted smallholder production of certified cocoa, coffee and tea in Rwanda, Sao Tome and Principe and Sierra Leone; fruit in Guatemala, Madagascar and the South Pacific; and cosmetic and medicinal plants in India and across southern Africa. It is building on these experiences to expand PPP approaches, particularly with a range of purchasers/partners who have proven track records of social and environmental responsibility. In support of this initiative, a new grant-based partnership – the Programme for Strengthening Smallholders' Access to Markets for Certified Sustainable Products – has been established between IFAD, the Sustainable Commodity Initiative and the Institute for Ethical and Environmental Certification to increase understanding of and access to companies working under social and environmental certification standards, and to facilitate the identification of new PPP opportunities that can benefit smallholders. IFAD is also working in partnership with local and international researchers such as the International Food Policy Research Institute (IFPRI) and Michigan State University to better understand and expand the elements of win-win PPPs for smallholders – responding to the need for inclusiveness, sustainability and competitiveness.
80. IFAD has entered into partnership with Mali Biocarburant S.A. (a private-sector biofuel company) to promote a sustainable and socially acceptable approach to biofuel production. This is IFAD's first small grant to the private sector (approved in December 2011), with the overall objective of building farmers' income and safety

nets while securing local energy supply in West Africa through the production of biofuel by communities growing jatropha nuts. The grant complements projects in Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal. In East and Southern Africa, a newly effective grant to PhytoTrade Africa will increase the reliability of supply chains for indigenous natural products (such as extracts from the baobab tree); while another grant will expand work on transaction security and cash-on-the-bag⁸ financing in value chains and will increase smallholder farmers' access to opportunities for bulk marketing.

81. In the Latin America and the Caribbean (LAC) region, IFAD grant resources continue to support the Guatemalan Exporters' Association (AGEXPORT) in order to integrate producers' organizations from four Central American countries into national and international value chains. The grant activities establish business linkages among producers' organizations and buyers at the national and international levels. This entails improving the technical and business management capacities of producers' organizations to facilitate their transformation into associative microenterprises and SMEs. The experience with AGEXPORT shows that if the substantial challenges of achieving significant volume, meeting quality standards and fulfilling conditions to access international markets can be overcome, smallholder producers may even sell to some of the biggest retailers in the world, such as Walmart.
82. IFAD is also designing a new grant to build a PPP with the mining industry in Peru to address one of the more underserved and urgent themes for rural development in Peru: access to water. As one of the world's leading mining countries, Peru has seen in recent decades a considerable boom in the expansion of the sector. Coexisting with the mines has not been easy for the rural communities, many of which claim that the mines are "robbing their water". The recent Peru COSOP review makes it clear that a long-term vision is urgently needed, especially in the Peruvian highlands, for the sustainable production, protection, administration and end-use of water resources. This vision should build on the common interests and activities of all inhabitants in a territory. A grant currently under development will contribute directly to the creation of PPPs in Peru by promoting innovative partnerships between rural communities, local and national authorities, and the private sector.

Building resilience: mitigating the impact of climate change and the challenge of sustainable natural resource use

83. Today's (and tomorrow's) smallholders must successfully deal with two "mega-processes". One is economic, social and political: the formation of a global agricultural economy articulated through markets and with a strong organizing presence of private-sector forces with much more concentrated resources than the smallholder sector naturally disposes of. The other is the increasing pressure on natural resources and the fast-growing current impact and future threat of climate change. More than two decades ago, IFAD responded to what were perceived as local and episodic challenges of climate change through its Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. Today the challenge is recognized as global, endemic and structural. If not mitigated, it threatens to strike at the heart of the smallholder economy, food security and rural poverty.
84. Since 2010 IFAD has rapidly sharpened its focus on the environmental and climate issues that confront smallholder farmers. In 2010 it established the Environment and Climate Division. In 2011 it launched its first Climate Change Strategy. In 2011 it put in place a new Environment and Natural Resource Management Policy. During 2012, in line with the policy's five-year implementation framework, IFAD has put major effort into expanding the integration of environment and natural resources

⁸ Cash-on-the-bag financing is a commercial service that pays cash to farmers when they hand over their produce, enabling them to sell to large buyers and minimizing risks on both sides.

management as a priority across its portfolio, in resource mobilization, operations and partnerships, as well as among all staff.

85. Recognizing that environmental degradation is eroding the natural asset base of poor rural people and that agricultural practices are a contributor, the environment policy highlights the essential role that natural resources play in delivering on IFAD's mandate of poverty reduction. It also guides IFAD's support for clients by addressing sustainability, risk and resilience, governance, finance and empowerment of marginalized groups, including indigenous peoples. While these factors interact in different ways depending on the local contexts, they all promote the adoption of approaches that bring "multiple benefits" – meaning managing competing land-use systems at the landscape level while at the same time reducing poverty, enhancing biodiversity, increasing yields, building resilience to climate change and reducing greenhouse gas emissions.
86. These approaches embrace the complexity of people's interactions within their communities and with landscapes and ecosystems. They typically incorporate agroecological methods such as integrated pest management, more selective use of fertilizer and pesticide, use of varieties that are resistant to stresses like extremes of heat, and efficient use of water. They exploit key assets of smallholder farmers – local knowledge and social capital – while requiring them to capitalize on scientific research to develop methods rooted in local conditions. Their key outcome is building resilience by maintaining healthy and diverse landscapes and varied production systems.
87. Illustrative examples of IFAD-funded projects embracing multiple-benefit approaches could include: the Sustainable Rural Development Programme (SRDP) in Burkina Faso; the Community-based Forestry Development Project in Southern States (Campeche, Chiapas and Oaxaca) in Mexico; and the IFAD/Global Environment Facility (GEF)/Association of Southeast Asian Nations (ASEAN) regional project, Rehabilitation and Sustainable Use of Peatland Forests in Southeast Asia.
88. SRDP operates in an area characterized by frequent episodes of drought, erratic rainfall and worsening land degradation. The programme is designed to strengthen local capacity for participatory management, improve the security of land tenure and sustainably develop productive capacities. Large land areas that were degraded because of changes in rainfall patterns have been restored to productivity using simple water techniques such as planting pits, half-moons, permeable rock dams, stone lines and stone bunds reinforced with grass strips. A GEF subprogramme, blended with the IFAD loan, is also introducing a range of complementary practices to improve soil and water conservation, such as the use of compost pits, natural phosphates, and agroforestry techniques that also bolster resilience to climate change.
89. The forestry project in southern Mexico targets 18,000 rural households dependent on forest resources. It aims at strengthening the capacity of indigenous peoples (who represent 76 per cent of the target population) and other local foresters to manage their natural resources more effectively. It is enhancing conservation practices and providing sustainable income options for the most disadvantaged groups. The project is based on *ejidos* and *comunidades*, two communal forms of land ownership, and helps consolidate the organizational and planning capacities of the beneficiary population for participatory management of their common natural resources. With support from the GEF, the project also pilots ways for government and communities to contribute to climate change mitigation through better land and forest use, and to access carbon finance.
90. The IFAD/GEF/ASEAN regional peatland forests project addresses the capture of benefits related to greenhouse gas emission reduction. Unsustainable land management related to large-scale agriculture through forest clearance, overdrainage and fires has led to severe degradation of the 25 million hectares of

peatlands in South-East Asia over the past 20 years. Peatland degradation and fires, and associated transboundary haze, are the most serious environmental problems in the region. They lead to an estimated annual emission of up to 2 billion tons of carbon dioxide (CO²) – equivalent to about 6 per cent of all CO² emissions (as of 2010) – making South-East Asia the largest regional source of emissions from land use/land use change. The project has been pivotal in supporting the ASEAN countries and secretariat with advancing the implementation of the ASEAN Peatland Management Strategy, including, among others, the establishment of a real-time peatland fire prediction and warning system and the development of guidelines for best management practices for existing oil palm plantations.

91. GEF has so far been the main source of IFAD's environmental and climate cofinancing. GEF will remain a valuable partner for IFAD's supplementary funding, as will the Adaptation Fund to which IFAD was accredited in 2010 as a multilateral implementing entity.
92. For IFAD to play a stronger role in helping smallholder farmers respond to climate change, it needs to invest much more in sustainable smallholder responses and to integrate them more deeply into broader strategies and investments in food security and poverty reduction. In 2012 IFAD established the Adaptation for Smallholder Agriculture Programme (ASAP). The programme's purpose is to provide additional financing for mainstreaming responses to climate change, to promote multiple benefit adaptation approaches, and to create pathways for scaling up. The programme supports initiatives that build climate resilience and achieve other public policy goals, including "multiple benefits" such as reducing poverty, enhancing biodiversity, increasing yields and lowering greenhouse gas emissions.
93. There is a range of potential activities that partner communities might identify as their investment needs to reduce their vulnerability to climate change. They might include, for example, tangible investments such as climate proofing of processing facilities, low-carbon technologies, construction of small water harvesting infrastructure, flood protection measures, rural water supply, water storage facilities (above and below ground) and efficient irrigation systems; and investments in natural infrastructure such as improved resilience of riparian areas. Equally important, they might also include investments in "software" such as the development of knowledge, data and decision-support tools on climate change resilient cropping systems, adaptation policies, institution-building at relevant levels, establishment of farmers' associations, enhanced institutional capacities and accountability systems.
94. ASAP-supported project designs will introduce an additional qualitative and climate resilience dimension to investments in which vulnerability assessments and improved use of climate risk information, modelling and scenarios suggest the need to alter the balance of activities and the way these are implemented. In many cases, this is likely to lead to ASAP's scaling up more rapidly successful approaches that IFAD has already piloted in various ecosystems – such as agroforestry, sustainable land management, watershed management – but in a way that is fully cognizant of potential climate impact scenarios.
95. The first ASAP grant was approved by the Executive Board in September 2012 and is fully blended with the Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors in Mozambique. The project has been designed to support the Government of Mozambique's long-term objective of raising rural incomes through a value chain approach that will develop input and output markets in the Limpopo Corridor. The ASAP grant aims to "climate-proof" a value chain project located in a poor and highly climate-vulnerable (arid/semi-arid) area. ASAP adds to the project by financing: poor smallholder communities to formulate and then implement natural resource management plans; clear project impact baseline surveys that take into account various aspects of climate resilience; capacity-building to support the participation of the commercial section of the Ministry of

Agriculture in climate policy formulation and development programming; increased private-sector uptake of sustainable agriculture techniques that contribute to climate resilience such as intensified cassava production systems that include mixed cropping for household food security; local meteorological stations; improved water management approaches and infrastructure; and the introduction of small-scale infrastructure such as low cost greenhouses to help farmers produce in the hot season. It also finances addressing climate resilience aspects in the policy and strategic forums and documents supported by the project, such as the regional value chain platforms and value chain development action plans.

96. ASAP is aimed at transforming the incentive structure for investing in climate-smart agriculture throughout IFAD's roughly \$1 billion annual new investment commitments. As a programme that may cofinance approximately one third of IFAD's total new financing operations in about 40 projects, it represents a bold attempt at non-incremental institutional change to demonstrate a rapid process of climate mainstreaming that matches the urgency of the climate challenge.
97. In addition to maintaining IFAD's relevance as a key part of the international development architecture, this will help IFAD add impetus to a change in paradigm taking place across the agriculture community that is placing much more emphasis on environmental sustainability, landscape management and ecosystem risk. One of the five expected outcomes of ASAP is improved documentation and dissemination of knowledge on adaptation and climate-smart smallholder agriculture. Partnership-building is a key element of this. Given the breadth of the climate adaptation agenda, this will involve working with many partners. Through ASAP, IFAD will demonstrate the different ways and positive climate impacts of investing in smallholder farmers. This could be instrumental in shaping the future use of climate and agricultural public and private finance by the Green Climate Fund and other international finance initiatives. It will also contribute to more integrated dialogue on smallholder development at the country, regional and international levels, such that agriculture, climate and environment are not separated in national policy development or in an international arena such as the Conference of the Parties to the United Nations Framework Convention on Climate Change or in other contexts.

B. Building the mechanisms of smallholder empowerment and social inclusion

98. The success of smallholders in capitalizing on the inevitable greater integration with evolving agricultural input and output markets will depend heavily on their ability to work together in managing these relations. The same will be true of effective exploitation of opportunities for mitigating climate change, particularly with regard to control and management of natural resources. Inclusive growth will require that the marginalization of rural women and indigenous peoples is overcome. Arguably, the social dimension of development – the organization and inclusion of smallholders as the basis for sustainable and broad change – is one of the Fund's unique contributions to the development architecture. Certainly, work in these areas is of equal importance to the more economic and technical dimensions of approaches to market integration and climate change – and, indeed, is an essential dimension of them.

Community and farmers' organizations for management of development relations and assets

99. IFAD has been investing heavily in community institution-building, and this is clearly reflected at the project output level in the RMF (see paragraph 27). Training to support smallholders accounts for about 35 per cent of investment in IFAD-funded programmes, and within the training category, activities related to policy and community programming accounted for 31 per cent of the total investment. This includes support for the development and strengthening of a wide range of community-based organizations that primarily represent the interests of

smallholder farmers and poor rural women and men, youth, indigenous and tribal people: self-help groups (SHGs); farmers' groups and associations; agricultural cooperatives; pastoral and small fisher organizations; water users' associations (WUAs) and groups; savings groups; financial service associations; cooperatives and community banks; natural resource management groups; road maintenance groups; and village, municipality and district development organizations.

100. According to the social and institutional context, IFAD is exploring different approaches to strengthening the effective empowerment of poor rural people: from local confidence building and social bonding activities, to support for full-fledged apex organizations playing an important role in national life. Engagement in building the organizational capacities of poor people at the community level is exemplified by the inclusive SHG model used to empower rural women in India. The SHG approach, initially supported in the Tamil Nadu Women's Development Project, has been replicated in many other IFAD-financed programmes in the country, such as the Maharashtra Rural Credit Project and Tejaswini Rural Women's Empowerment Programme, and has scaled up beyond the initial objective of channelling credit to poor people to become a social empowerment movement for rural women.
101. SHGs play an important empowerment role for women in particular, not only because they provide women with access to finance, but also because they enable them to manage savings and credit directly, thus increasing their confidence in their ability to initiate change in other areas of their lives. The contribution of SHGs in providing loans for agriculture is often greater than spending on agriculture in donor-funded programmes or lending to agriculture by the formal financial sector. This underlines the fact that organization is not just about creating an interface to the outside, but is also about better mobilizing and focusing the resources of poor people themselves.
102. At the other end of the spectrum is support for apex farmers' organizations with the specific objective of strengthening farmers' effective engagement in the national (and international) processes that shape smallholder livelihoods. Smallholders face many issues that require much broader organization to manage effectively, and IFAD has been exploring how to support (frequently over the long term) farmers in building apex organizations. For example, since 2006 IFAD has supported the development of the Kenya National Federation of Agricultural Producers (KENFAP), an ambitious effort to build a sound apex farmers' organization to represent farmers' interests. A registered, non-political, non-commercial and democratic federation of all Kenyan farmers, KENFAP is now an active member of the Kenya IFAD country programme management team (CPMT) and consequently involved in the various aspects of IFAD's work in Kenya. Currently about 1,600 IFAD-supported farmers' groups have been recruited as KENFAP members and benefit from its policy and lobbying activities as well as its services. The Federation's services are now easily accessible thanks to: improved regional and district offices; established farmers' forums where farmers articulate their problems; KENFAP's lobbying capacity, which has effectively influenced implementation of gender and youth policies; and its well-trained staff. Moreover, farmers' groups have easier access to research institutes through the platform.
103. In West Africa, the importance of investing in building capacities of apex farmers' organizations for engagement in agricultural policy formulation is demonstrated by the Network of Farmers' Organizations and Agricultural Producers in West Africa (ROPPA), which has been an IFAD partner for a decade. As far back as 2001, ROPPA negotiated with the Economic Community of West African States (ECOWAS) to enable participation of farmers' organizations in the regional task force in charge of formulating the ECOWAS agricultural policy. Under the umbrella of ROPPA, farmers' organizations elaborated and presented to government officials a joint proposal that led to, among others, increased support to small-scale agriculture at national and regional levels. In 2003, ROPPA, supported by IFAD, facilitated

discussions and the exchange of views among farmers from various countries on the New Partnership for Africa's Development's agricultural policy.

104. Following the consultations, farmers' organizations developed a common proposal that jointly identified the challenges, roles and responsibilities of the various actors involved in agricultural development. They proposed strategies to develop the agricultural sector in Africa, including better knowledge exchange between farmers and researchers, access to appropriate financial services, public support for productivity, access to credit, protection of national markets and promotion of indigenous food. The participation of farmers' organizations in the formulation of joint policies not only resulted in regional policies promoting modernization of small-scale farms in the region, but it also strengthened these organizations' capacity to negotiate, improved their knowledge in many different areas and increased their visibility internationally. What is more, their credibility grew among political authorities and in the agricultural sector as a whole, and farmers' organizations from various countries were able to develop networks and come to a consensus on future challenges and opportunities. At the same time, their engagement led regional organizations and governments to recognize the importance of small-scale agriculture and the need to promote food sovereignty and to work towards higher income and improved living conditions for small farmers.
105. Work with SHGs and apex-level institutions supports the broad engagement and voice of smallholders and poor rural people in policy and institutional decision-making processes at all levels. IFAD is also investing in the capacity of farmers' organizations in much more functionally specific areas, addressing key dimensions of development, including, but not limited to, smallholder knowledge management for agriculture, smallholder resource management and smallholder organization for market linkages.
106. **Strengthening smallholder capacity for knowledge management.** In 1999, IFAD and FAO jointly implemented a project to promote the farmer field school (FFS) approach in eight districts in Kenya, Uganda and the United Republic of Tanzania. The FFS approach enables farmers to make decisions, solve problems and acquire new skills and techniques through experiential learning and participatory group approaches. More specifically, it aims to achieve effective management of small-scale agroecosystems by transferring control over them to groups of farmers engaging in a joint learning effort. The FFS approach, which has become a cornerstone of IFAD's global approach to farmers' organizations, explicitly recognizes and privileges the farmers' role in shaping technology and making it relevant to their actual requirements.
107. In a multi-project evaluation carried out in 2010, IFPRI found that increased participation in FFS had resulted in improved crop productivity, production and income. The FFSs had proved to be particularly beneficial for women, woman-headed households, people with low literacy levels, and farmers with medium-size land holdings. Combined agricultural income in the districts where the project was implemented increased by 61 per cent, with a 100 per cent increase in the United Republic of Tanzania. In Kenya, crop productivity increased by 80 per cent; and in Uganda, livestock production for women participants increased by 187 per cent.
108. **Smallholder resource management.** Community organizations and rural people's organizations are important elements in IFAD's approach to enhancing access to productive assets, managing natural resource and building resilience to climate change. Community-based rangeland management in Morocco is a good example. In 1995, more than 12 per cent of rangelands in Morocco were degraded, and it was realized that failure to address this issue would jeopardize the livelihoods of millions of pastoral households. In this context, an IFAD-supported project in Eastern Morocco developed a community-based rangeland management approach

in a 3 million hectare area covering four communes with a population of about 58,000 people.

109. The project approach was based on five principles: (i) taking rural communes and tribal affiliation as the two bases for the creation of cooperatives; (ii) reorganizing tribal institutions into pastoral management cooperatives responsible for choosing technology options and managing their resources; (iii) requiring tribal members to purchase "social shares" in the cooperatives to access cooperative services and improved pastures; (iv) supporting pastoralist mobility through new, flexible livestock management systems; and (v) engaging in consensual decision-making processes. Through the project, 44 cooperatives were created, involving 9,000 households in 15 rural communes. The project had a positive impact both on the environment (by increasing dry matter from 150 kilograms to 800 kilograms per hectare and reducing transhumance to shorter distances) and on animal health (by delivering health and veterinary services). Critically, government technical institutions supported a process that lessened their control over the development of rangelands in favour of management by organized resource users. Today, all new range development efforts in Morocco are being implemented using this approach, which is also being adopted by other countries in the region.
110. In a different context, the Mount Kenya East Pilot Project for Natural Resource Management (MKEPP), Kenya, has succeeded in reversing environmental decline in a sizeable portion of the Mount Kenya watershed and enabled smallholders and their families to build a better, more stable life. The \$25.7 million project, which was supported by IFAD, the GEF and residents of the areas covered by the project, has just been completed. Its activities are now being scaled up under the Upper Tana Catchment Natural Resource Management Project, which will replicate the good practices experienced under the MKEPP in more river basins.
111. Over the seven years of its operation, the MKEPP mobilized and strengthened more than 500 water users' groups, which aggregated into 20 WUAs. Each association is responsible for a portion of the river basin and consists of representatives from a range of users' groups in different areas of the river basin. The WUA management committees facilitate negotiations between different water users, advise on the allocation of water permits in the basin, resolve conflicts, and act as contact points between the relevant government ministries, service providers and their members. Members pay a membership fee for operational costs. IFAD's support has gone towards facilitating the internal bonding process of the users' groups, helping them to build bridges with other groups and WUAs, and promoting their linkages to services providers (both public and private) and markets. WUAs in the MKEPP also manage forestry resources, reporting any illegal tree felling to the authorities, and have built structures to protect water springs on their land to ensure it provides clean water for drinking. They have also started income-generating activities such as fish ponds and tree nurseries. One WUA (the Kiangondu Water Users' Association) has saved money to build a water-bottling plant.
112. **Smallholder organization: working together for business success.** Farmers' organizations are an essential and integral part of IFAD's approach to engagement with the private sector and development of market linkages – for equitable development. For example, the support provided by the Area-based Agricultural Modernization Programme in Uganda to group-based agricultural enterprises had a significant impact on the agricultural productivity and incomes of rural farmers. The programme provided improved seeds and breeds, together with agroprocessing, agrochemical and technical training. The support has resulted in a two- to threefold increase in the production levels of a number of crops, including Irish potatoes, upland rice and bananas. In addition, farmers obtained better prices through collective marketing within farmers' groups and experienced lower transportation costs. Organizing small producers to grow cocoa for export markets in Sao Tome and Principe (complementary to the exploration of new market linkages described in paragraph 75) has been a similar success. The Participatory Smallholder

Agriculture and Artisanal Fisheries Development Programme in Sao Tome and Principe organized smallholder farmers to grow aromatic and organic cocoa and helped them connect with Kaoka – a French chocolate company. Cocoa farmers received technical advice and extension services from Kaoka, along with assured access to the market, given Kaoka’s existing marketing channels. As a result, farmers have increased their yields of high-quality cocoa, for which they receive premium prices. Nearly 1,200 farmers are now growing 200 tons of organic cocoa for the international organic chocolate industry (compared with the 700 farmers producing 50 tons of traditional cocoa at project start). Smallholder households that participated in the programme have seen their yearly income increase from being 25 per cent below the poverty line to exceeding it by 8 per cent, on average.

Gender equality and women’s empowerment

113. Smallholder organizations can be the key to participation and equity – depending on who is involved. Women represent a large percentage of rural poor populations and are central to the operation of the smallholder economy. The RMF gender data clearly indicate that women are increasingly involved in IFAD-funded projects and now account for 48 per cent of the poor people reached. The challenge is to ensure that the outreach is effective in addressing their needs. The first CLE on gender equality and women’s empowerment, completed at the end of 2010, found that IFAD had a strong record in the area, and compared well with other IFIs. Following the CLE, IFAD’s new gender policy was adopted by the Executive Board in April 2012. A full account of performance from mid-2011 to mid-2012 is provided in annex 1.
114. Specialist gender staff at headquarters, regional and national levels regularly provide technical support during design and implementation support missions to projects, both directly and indirectly. Some divisions, such as the LAC Division, have introduced a requirement that a gender expert should participate in all design and supervision mission teams. In addition, specialist staff participate in CPMTs and review all project design documents during the quality enhancement process in order to provide guidance for strengthening the gender equality and poverty targeting perspectives.
115. To develop the capacity of IFAD’s non-gender specialist staff to address gender equality and women’s empowerment in agricultural and rural development, a gender training week was organized in May 2012. The first two-day modular training focused on the central role of addressing gender inequalities in order to meet the IFAD9 replenishment target – to help 80 million rural people to move out of poverty. Targeting and gender issues and their implications for project design, implementation support and scaling up were explored in relation to specific themes including community development, value chain development, natural resources management, climate change, rural infrastructure and rural finance. The second two-day training focused on the practical aspects of targeting and gender in the IFAD project cycle, from design through implementation to monitoring and impact assessment. The two events attracted more than 50 participants – of whom 75 per cent were women – and included staff from headquarters, the North American Liaison Office and FAO. From February 2012, an introductory session on targeting and gender has been included in the staff induction programme.
116. In light of concerns about achieving equitable development in the context of the transformation of the rural economy, IFAD is pursuing a particular focus on two areas: gender issues in value chain development; and women’s engagement and decision-making in rural institutions. Recognizing that these issues cannot be addressed adequately on a project-by-project basis, IFAD is also promoting these issues at the global policy level.
117. **Gender issues in value chain development.** Overall, the incorporation of gender equality concerns in value chain development is an area that still presents weaknesses and capacity gaps. Although women are key actors in agricultural

production and processing, value chain development activities can result in male capture of tasks and activities traditionally performed by women. Many IFAD-supported projects need to find sustainable and effective solutions that enable women to secure new roles in value addition, access more profitable markets and reap the economic benefits from value chain upgrading.

118. To address gender equality issues in value chain development, IFAD is promoting the scaling up of an innovative community-led methodology, the Gender Action Learning System (GALS). Through a series of easy-to-use participatory tools, household members are able to negotiate their needs and interests; find innovative, gender-equitable solutions in livelihoods planning; and participate in multistakeholder participatory planning workshops for gender-equitable and pro-poor value chain development. The GALS methodology was initially piloted in Uganda by Oxfam Novib with the support of an IFAD grant. This approach, together with other household approaches, is now being used in IFAD-funded projects in Ghana, Malawi, Nigeria, Rwanda, Sierra Leone and Uganda. The scaling up of these methodologies has been promoted through different instruments, including the implementation of a large grant in Nigeria, Rwanda and Uganda; the organization of learning events, such as learning routes and international training workshops; and the systematization and dissemination of the knowledge generated by women farmers involved in the GALS process. A synthesis paper has been prepared, with the support of supplementary funds from Finland, on various approaches to addressing gender inequalities and improving gender dynamics at the household level – both of which are crucial to achieving enhanced project impacts and sustainable development.
119. **Women’s engagement and decision-making in rural institutions.** Women are major targets of social organization investments already, including in SHGs and microfinance institutions in general, where women constitute the large majority of participants. Initiatives to enable women and men to have equal voice and influence in rural institutions and organizations take place in a variety of contexts, ranging from project-related institutions at the community level, to farmers’ and producers’ organizations, through to national forums and global gatherings. Quotas are often used to ensure minimum levels of women’s representation among both the members and leaders, complemented by capacity-strengthening in leadership skills. In some instances, such as in Orissa, India, as a result of women’s empowerment through participation in project activities, women have been successful in local government elections.
120. Under the Women’s Leadership Agreement, supported by Norwegian supplementary funds, training has been provided on women’s leadership, organizational change, and gender analysis to build the capacity and influence of women leaders in rural producers’ organizations, from the grass-roots to the national level, and to promote gender representation and inclusion within these organizations. The programme was implemented in Madagascar, Nepal, the Philippines and Senegal. A learning route on gender mainstreaming was organized in Guatemala and El Salvador by the LAC Division in collaboration with the Corporation for Regional Rural Development Training in October 2011. The learning route promoted the dissemination of the “closing the gap” methodology among IFAD-funded projects in the region. This methodology provides simple tools that enable women and men members of farmers’ organizations to negotiate and develop a common vision for change. It incorporates the opinions and perspectives of women, men and adolescent farmers. As a result, many farmers’ organizations can now provide better targeted support services that respond to the specific needs of different segments of their membership. They have also increased the participation of women and young people in leadership positions thereby fuelling transparency, democratic governance and sustainability.
121. At the project level, to cite one example, the Fisheries Development Project in Eritrea is reorganizing and strengthening existing fisheries cooperatives to sharpen

their gender and youth focus. A bottom-up, fisher-driven approach is being adopted to promote sustainable processes of gender-sensitive organizational change. Traditionally, women and young people tend to shy away from expressing their views in meetings where elders are present, due possibly to sociocultural norms, but also to fear of sanctions, as they depend on their elders for business support and employment. The revitalization of the women's college under the National Programme to Support Agricultural Value Chain Actors in Guinea has resulted in the college now being a gateway to the strengthened leadership of rural women, through capacity-building activities in lobbying, advocacy, negotiation and public speaking.

122. In February 2012, IFAD held the fourth global meeting of the Farmers' Forum. Women accounted for almost 40 per cent of the 91 representatives of farmers' organizations, exceeding the quota of 35 per cent established by women leaders at the previous session of the forum in 2010. Women are well represented on the steering committee, accounting for five out of nine members. Women's participation was also high in the special session on youth: nine of the 15 participants (60 per cent) were young women leaders.
123. **Policy dialogue and advocacy around gender issues.** The most significant international event for gender was the 2012 session of the Commission on the Status of Women (CSW), held in New York in February/March, with its focus on rural women. For IFAD and the Rome-based agencies, this was the culmination of years of effort to promote the status of rural women at the global level. The CSW offered a unique opportunity to galvanize forces in support of rural women, to reach broad policy support and to showcase achievements in IFAD-supported programmes. IFAD partners were included in many national delegations. The two-week session included a high-level round table, interactive dialogues and panels, and a large number of popular parallel side events. IFAD partnered with FAO, the World Food Programme (WFP) and ILO for two side events (on rural employment and on women's voice and cooperatives) and, together with the International Land Coalition, organized a third event (on land). IFAD representatives were also invited to be panellists at two additional side events organized by the Swedish International Development Cooperation Agency and the Government of Mongolia.
124. In November 2011, IFAD, together with the IFAD/Belgian Fund for Food Security Joint Programme, supported the Salzburg Global Seminar on "Transforming Agricultural Development and Production in Africa: Closing Gender Gaps and Empowering Rural Women in Policy and Practice". During a stimulating two days, 60 participants (78 per cent women) from 21 countries examined persistent gaps in policy and practice, shared creative practice and successful innovations, and developed implementation strategies to fully integrate women into agricultural development processes. The primary emphasis was given to strategies to support rural women and agricultural development in sub-Saharan Africa.
125. The IOE issues paper on policy dialogue, 2012, cites several gender-related examples where IFAD was able to draw on project experiences to influence a specific policy, introduce a new concept, or influence the design of government programmes. In Brazil, the IFAD-supported Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East, known locally as the Dom Hélder Câmara Project, launched a campaign to help rural women obtain identify cards in order to improve their access to credit, land and other resources. The campaign was subsequently scaled up nationally by the federal Ministry of Agrarian Development. In India, the Government has drawn on the IFAD experience of women's SHGs and has begun using these groups in domestically financed rural development initiatives. Also in India, the experiences of IFAD-funded projects were used by local level advocacy groups to give equal rights to husbands and wives in tribal areas. Under the Legal Empowerment of Women Programme, supported by supplementary funds from Canada, a technical support project for legal reform and review of national policy strategies to advance rural

women entrepreneurship in Liberia identified obstacles to rural women's access to land and other productive resources, prepared training materials, and built the capacities of authorities and communities to raise awareness and create the environment and conditions for change. In Senegal, the existing agricultural policy was reviewed and training was provided for the promotion of gender equality and equity in national economic and social policies in 2011-2015. In Viet Nam, following the experiences of the Rural Income Diversification Project in Tuyen Quan Province, a policy of gender mainstreaming has been introduced into many government departments in provinces that were not covered by the project.

Working with indigenous peoples

126. There are more than 370 million self-identified indigenous peoples in some 70 countries around the world. In Latin America alone, there are more than 400 groups, each with a distinct language and culture. But the largest concentration of indigenous peoples is in Asia and the Pacific – an estimated 70 per cent of the total. Worldwide, indigenous peoples account for 5 per cent of global population but 15 per cent of those living in poverty. Indigenous peoples living in rural areas of developing countries have been a key target group for IFAD, particularly in Asia and in the LAC region. As of 2011, IFAD has financed around US\$1,665 million equivalent in loans in support of indigenous peoples, and around US\$32 million equivalent in grants.
127. As in the case of farmers and community organizations in general, the issue has not been simply to respond to the technical and material needs of indigenous peoples, but to support the organizations through which they articulate and defend their interests. Thus, when preparing for its participation in the 2002 World Summit on Sustainable Development in Johannesburg, IFAD decided to work more proactively on advocacy with indigenous peoples beyond the confines of the operations it finances and within the wider framework of the Summit's international dialogue. Consequently, IFAD established a close partnership with the United Nations Permanent Forum on Indigenous Issues and took on a more proactive role in the Inter-Agency Support Group (IASG) on Indigenous Peoples' Issues. In 2006, IFAD chaired the IASG.
128. Engagement with indigenous peoples in recent years – beyond the project level – has had three pillars: (i) support for advocacy mechanisms at the international level; (ii) development of a policy on engagement with indigenous peoples, to systematize the Fund's best practices in its loan and grant programme and to enhance its ability to empower indigenous peoples to engage in development processes at regional and country levels; and (iii) small grants in support of self-determined development of indigenous peoples' communities at the grass-roots level.⁹
129. Key to partnership with indigenous peoples is their full and effective participation in IFAD's activities at country, regional and international levels. To make this partnership effective and concrete, IFAD has established the Indigenous Peoples' Forum within the framework of both its Policy of Engagement with Indigenous Peoples and the UNDRIP. The objectives of the Forum are to: monitor and evaluate the implementation of IFAD's indigenous policy, including the policy's contribution to realizing the UNDRIP provisions; build and strengthen partnerships between

⁹ Since 2004, three grants to the Secretariat of the United Nations Permanent Forum on Indigenous Issues have supported: (i) indigenous experts to review some of IFAD-financed projects in support of indigenous peoples in order to identify best practices; (ii) the Forum's work on indicators of well-being, sustainability and poverty of indigenous peoples; and (iii) capacity development at country level for the dissemination and implementation of the United Nations Declaration on the Rights of Indigenous People (UNDRIP). Institutional grants totalling around US\$2.5 million have supported advocacy and policy work related to indigenous women, assessment of the First International Decade of the World's Indigenous Peoples in Asia; mobile indigenous peoples; indigenous peoples' communication for development; identity, power and rights; spatial and cultural mapping; climate change; Indigenous Terra Madre; and effective participation in decision-making processes on development initiatives.

IFAD and indigenous peoples in order to address poverty and sustainable development while respecting culture and identity; and promote the participation of indigenous peoples' organizations in IFAD's activities at country, regional and international levels, at all stages of programme cycles. In preparation for the global meeting of the Indigenous Peoples Forum to be held at IFAD in February 2013, indigenous peoples are meeting at regional level to articulate their strategies on effective participation and to assess selected IFAD-funded projects.

130. IFAD's key tools for pursuing the development of indigenous peoples are policy dialogue, and particularly support for the platforms on which their interests are expressed, and its lending programme. IFAD also supports a dedicated fund, the Indigenous Peoples Assistance Facility (IPAF) – as both an expression of its commitment to the self-managed development of indigenous peoples and as a nursery for innovation. This is a demand-driven fund that finances indigenous peoples' small projects. IPAF has financed 102 small projects expressing indigenous people's own needs, priorities, culture and identity in 43 countries around the world – improving their access to key decision-making processes, empowering them to implement their own projects and manage resources, and promoting collaboration in the public and private spheres.

C. Shaping the development architecture for sustainable smallholder growth

131. IFAD is developing key instruments for addressing the emerging challenges in the smallholder economy – while also deepening its well-established lines of engagement (e.g. rural finance and water management) and articulating the connection between them and newer lines of work. It has also rapidly increased the scale of its assistance, and has mobilized important cofinancing for projects, especially from developing countries themselves. As indicated in section II, however, the rural poverty and food security challenges remain acute, and an adequate response must involve engagements far broader than IFAD's alone: it must involve a change in the rural development assistance architecture to capture new resources and participants. It involves IFAD itself seeking to improve the framework for smallholder development by strengthening the policy framework, forging broader smallholder development partnerships, and sharpening the focus and impact of initiatives for South-South partnership in rural development. In conjunction with this, IFAD must also seek to scale up proven responses to smallholder issues within broad coalitions for change.

Taking key messages to the global policy dialogue

132. As the above indicates, IFAD works closely with its partners in developing effective approaches to sustainable and inclusive smallholder growth in a period of rapid transformation of rural economic systems – and environmental challenges. The success of these approaches is deeply determined by the agricultural and rural development policy framework within which they are deployed, replicated and scaled up.
133. That policy framework is only to a limited extent defined by smallholders themselves, and consequently rarely represents the optimal conditions for them to pursue their interests – whether at the level of access to and control of natural resources or at the level of the organization of trade in inputs and outputs. An essential part of IFAD's work, and one that bears heavily on the outcomes of the projects and programmes it finances, is support for organizations of rural people, enabling them to articulate their own interests in key local and national policy and institutional processes, both political and economic (see paragraph 104, above).
134. Country-level policy dialogue is vital, and arguably becomes even more important for IFAD as its strategies become more ambitious, as the projects it supports become broader in scope, and as its plans for scaling up become more explicit. Issues in effective engagement at this level are being addressed through increased

decentralization of the country programme management function and through a higher level of policy and analytical support to country teams. However, IFAD's engagement in policy dialogue also has a critical global dimension. The food price crises have precipitated a great deal of national level reflection on agricultural strategies, and the corresponding need for policy inputs is high. The global dimensions of the food price crises of the past four years have also precipitated an extraordinary amount of policy dialogue about agriculture at the international level – going beyond matters of development assistance to address what sort of agriculture will respond to the global demand for agricultural products in the future. With a unique global experience in the smallholder dimension of agricultural development, which is a vital dimension of agriculture in most developing countries, IFAD has a great deal to contribute.

135. Advocacy for policies that support smallholder development has been a constant dimension of IFAD's work. For a long period it was supply led, in the sense that there was relatively little demand for it: agricultural development was a special interest item. This situation has changed dramatically in the context of the food price crises, and there is now strong demand for IFAD's involvement in a wide variety of forums. Critically important are forums and processes that offer, in the long term, prospects of significant impact on the governance of the world food system and its development, that bring together the major developed and developing country agricultural stakeholders, that offer models for comprehensive private-public collaboration in agricultural transformation, and that begin to chart out a global response to the challenge of sustainable development in a resource-stressed world.
136. The Committee on World Food Security (CFS), the Group of Eight (G8) New Alliance for Food Security and Nutrition, the G20, and the United Nations Conference on Sustainable Development (Rio+20) all represent important examples of such forums. (Another example, the Commission on the Status of Women, is described in annex 1). An account of how IFAD has engaged with these entities, its objectives and what it has achieved as a contribution to establishing the conditions for more successful pursuit of smallholder development at the country level in the future is provided below.
137. **Committee on World Food Security.** CFS is an intergovernmental committee in FAO tasked with facilitating global coordination of initiatives in pursuit of food security, promoting policy convergence, supporting or advising countries in developing policies and plans to realize the right to food, and promoting best practices. Following its recent reform, CFS has become the foremost global multistakeholder body addressing food security and nutrition (FSN) from a policy angle. Besides United Nations entities with relevant mandates, participants include the private sector, agricultural research institutions and civil society – including farmers' organizations. Given this mandate and membership, the importance of CFS as a space for policy engagement for IFAD is clear. As the Committee develops its capacity to engage with processes at the regional and country levels, and as it successfully tackles a politically sensitive agenda, its relevance for IFAD will certainly grow in the future.
138. As a CFS Participant and a member of both the CFS Advisory Group and the CFS Secretariat, IFAD has multiple entry points into CFS processes to ensure that the interests of its target group are well addressed, and that the work of CFS helps create an enabling policy environment for smallholder agriculture. In 2012, IFAD pursued this, among others, by engaging in several issue specific processes on the CFS agenda, always drawing on its field experience, technical expertise and partnerships. This has included, in particular:
- Finalization of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security

(VGLT).¹⁰ The guidelines are a voluntary framework of reference to develop policies, and legal and organizational measures around tenure of rights over land, fisheries and forests – an issue of great significance at times of transformation of agricultural markets and investment patterns;

- Preparation of a global strategic framework. This is a document of a legally non-binding nature that “offers guidelines and recommendations for catalysing coherent action at the global, regional and country levels by the full range of stakeholders, while emphasizing the primary responsibility of governments and the central role of country ownership of programmes to combat food insecurity and malnutrition”¹¹;
- Design of a consultation process to identify principles for responsible agricultural investment, building on its experience in working with FAO, the United Nations Conference on Trade and Development and the World Bank to develop the Principles for Responsible Agricultural Investment (PRAI). The PRAI are currently being further developed and field-tested (with a “twin-track approach”); and
- Involvement in the preparation of a high-level forum on protracted crises, and in the identification of elements for an agenda for action for CFS, to help overcome the policy and coordination constraints to better food security interventions in protracted crises.

139. The VGLT were endorsed by CFS in May 2011. Support to their implementation at country level is planned in some global processes in which IFAD has participated, such as the G8 New Alliance for Food Security and Nutrition (see below), and opportunities to draw on the VGLT may also emerge in policy dialogue at country level. The High Level Expert Forum on Food Insecurity in Protracted Crises took place in September 2012, and in 2013 IFAD will contribute to the development of an agenda for action to promote food security in countries with protracted crises. This is likely to dovetail with discussions within and beyond CFS about how to strengthen the resilience of smallholder farmers in an increasingly risky environment – an issue highlighted this year also in the G20, Rio+20, and the United Nations System High-level Task Force on the Global Food Security Crisis, among others. In 2013 IFAD will also engage in the consultation process on PRAI, building on its work on the principles but also on its contribution to discussions on this issue in other settings (e.g. this year’s G8 and G20 meetings, the World Economic Forum (WEF) Global Agenda Council on Food Security 2012, the African Green Revolution Forum, and others).
140. **The G8 New Alliance for Food Security and Nutrition.** Early in 2012, the United States Presidency of the G8 set to work on a new FSN initiative for Africa as a continuation of the efforts initiated at the 2009 L’Aquila G8 Summit and the Rome World Summit on Food Security. The initiative will reaffirm the emphasis of both summits on donor alignment around country-owned plans, strategic coordination of efforts at different levels, a twin-track approach to food security, strong performance of the multilateral system, and multi-year investment commitments. In addition, in a context of high and volatile food prices and significant private investor interest in agriculture markets, the initiative will focus on mobilizing private investment in agriculture through policy reform and PPPs. The expected result of the initiative is to enable 50 million African people to exit poverty by 2022.
141. The policy implications of the initiative will be multiple. Participating African governments will commit to specific policy reforms enabling private investment, with G8 support. More broadly, the initiative is likely to accelerate policy debate and innovative efforts in the areas of incentivizing and de-risking foreign and domestic investment in African agriculture, also addressed in other processes such as those

¹⁰ <http://www.fao.org/docrep/meeting/025/md708e.pdf>

¹¹ http://www.fao.org/fileadmin/templates/cfs/Docs1112/WGs/GSF/MD976E_GSF_Draft_Two.pdf

around the PRAI and the VGLT. Furthermore, the initiative will further progress towards new mechanisms for mutual accountability for achieving development outcomes, involving developing countries, G8 members and other stakeholders.

142. Against the background of its engagement in other, linked forums and processes – e.g. the Comprehensive Africa Agriculture Development Programme, the work of WEF on agriculture, the Grow Africa initiative, the G20, and the L’Aquila Food Security Initiative – IFAD was invited to participate in the development of the New Alliance¹² by providing feedback and inputs to its design, and by identifying possible synergies with its own ongoing investments in participating countries.¹³ IFAD has set two main objectives for its participation in the development of the New Alliance, namely: to help shape the G8 agenda to recognize the centrality of smallholders to African agriculture and include measures to ensure that new private and public investments boost smallholder investment capacity and create decent work opportunities for poor rural people; and to raise its profile as a coherent player in global policy and donor processes around agriculture and food security. Additionally, IFAD sees this as an opportunity for scaling up successes in country programme activities, with a focus on PPPs.
143. IFAD’s contribution to the content of the New Alliance includes a set of enabling actions in the areas of markets and infrastructure, science and technology, risk management, and country collaboration frameworks to be signed by African governments and the G8, accompanied by letters of intent by private companies.¹⁴ In this dialogue, IFAD has put out messages concerning private investment in agriculture that are coherent with those it voiced in other processes (e.g. the WEF, the Grow Africa initiative, the G20, CFS and the Inter-agency Working Group on the PRAI). It has placed emphasis on: the centrality of smallholders – women and men – as the main private investors in African agriculture, and the need for other private investments to provide forward and backward market linkages for them; the role of local and domestic private sectors in boosting African agriculture and rural economies; the need for corporate investments to be responsible and smallholder-inclusive; the critical role of farmers’ organizations as intermediaries between farmers and corporate investors; and the need to involve these organizations in the New Alliance process from early on. The President of IFAD reaffirmed these messages at a one-day event on the New Alliance immediately before the G8 Summit.
144. The Camp David Declaration launching the New Alliance recognizes the need to “leverage the capacity of private-sector partners – from *women and smallholder farmers* [emphasis added], entrepreneurs to domestic and international companies”.¹⁵ Three cooperation framework documents prepared for the Summit also cover policy issues and investment proposals of relevance for smallholders. Support to the implementation of the VGLT and to the PRAI is part of these outcome documents. All this can be seen as a positive outcome achieved by IFAD in relation to its objectives. The New Alliance development process is ongoing, both at the country level and within the G8, concerning enabling actions, country collaboration frameworks, and the establishment of accountability structures and processes (including a Leadership Council, in which the President of IFAD has been asked to participate). IFAD’s engagement in the implementation process, singly or in collaboration with the other Rome-based agencies in particular, is likely to continue, both directly and through relevant engagement in settings such as the WEF and the Grow Africa initiative.

¹² Similar invitations went to FAO, the World Bank, WFP, IFPRI, and to several African institutions.

¹³ Burkina Faso, Côte d’Ivoire, Ethiopia, Ghana, Mozambique and the United Republic of Tanzania.

¹⁴ Additionally, IFAD’s interest in leading on some of the enabling actions was solicited. The Fund signaled interest in two of these, namely an action network to promote farmers’ uptake of high-quality index insurance, and a “grand challenge platform” to promote greater use of information and communication technology for agricultural advisory systems in participating countries.

¹⁵ See <http://www.whitehouse.gov/the-press-office/2012/05/19/camp-david-declaration>

145. **Group of 20.** Development issues have been a significant part of the agenda of the G20 since 2010. The Seoul G20 Multi-Year Action Plan on Development has food security as one of its nine pillars. The plan calls a number of international organizations (including IFAD) to be part of the work of the G20, as bearers of technical expertise and implementing capacity, and as providers of recommendations for policy or other initiatives that the G20 (as a whole or its individual countries) can undertake to advance global development. In addition to working on multi-year agendas, each G20 presidency sets priorities to tackle each year. In 2012, the Mexican presidency set five priorities, food security being one of them.¹⁶
146. IFAD's objective in G20 processes is generally to foster continued focus on food security, with particular reference to smallholder agriculture. This year, this has meant, in particular, encouraging attention to smallholders in discussions on sustainable productivity growth in agriculture. In a more indirect manner, IFAD has also sought to help bring smallholder agriculture in focus in G20 discussions on inclusive green growth. As in 2011, it pursued this in two streams of the G20, namely the Development Working Group (DWG – foreign affairs ministries), and the Agriculture Working Group (AWG – ministries of agriculture).
147. In November 2011, IFAD met with Mexican and French¹⁷ representatives, FAO, the Organisation of Economic Co-operation and Development (OECD) and the World Bank to discuss the Mexican presidency's agenda concerning food security. The purpose of the meeting was twofold: to follow up on 2011 commitments under the G20 Action Plan on Food Price Volatility and Agriculture; and to identify new actions to be promoted with G20 support to foster sustainable agricultural productivity growth, with a focus on bridging the productivity gap on small family farms. For the second part of the agenda, the presidency asked FAO and OECD to lead the preparation of a report, with contributions from all organizations that co-authored a report on food price volatility in 2011, plus the Consultative Group on International Agricultural Research (CGIAR). IFAD was one of these organizations.
148. IFAD's collaboration with FAO, OECD and the other organizations involved in the report focused on the centrality of smallholder agriculture to sustainable agricultural productivity growth in developing (including G20) countries.¹⁸ As concerns recommendations to be presented to the G20 with support from the other Rome-based agencies, IFAD emphasized the need to promote inclusive business models in agriculture, involving small farmers' organizations as well as corporate actors. It also underlined the need to review agricultural policies to promote sustainable farm practices, and to prioritize the concerns of smallholders (on a gender-equal basis) in revitalizing agricultural innovation systems. FAO and OECD presented drafts of the report to the DWG and AWG on behalf of contributing organizations. IFAD also participated in DWG and AWG meetings and used opportunities for bilateral engagement with delegates to support its messages and ensure recognition of IFAD's involvement in initiatives resulting from the 2011 G20 (e.g. the establishment of the Platform for Agriculture Risk Management). Almost all of the international organizations' recommendations were taken up in the AWG report; and the outcome document of the G20 Los Cabos Leaders' Summit also reflects G20 commitment to initiatives launched in 2011, alongside appreciation for the inputs of the international organizations.

¹⁶ The five priorities were: (i) economic stabilization and structural reforms as foundations for growth and employment; (ii) strengthening the financial system and fostering financial inclusion to promote economic growth; (iii) improving the international financial architecture in an interconnected world; (iv) enhancing food security and addressing commodity price volatility; and (v) promoting sustainable development, green growth and the fight against climate change.

¹⁷ France held the annual presidency of the G20 in 2011; Mexico holds it in 2012.

¹⁸ The report of the international organizations was published in June with the title: "Sustainable agricultural productivity growth and bridging the gap for small family farms". At http://www.ifad.org/hfs/docs/g20_ag_pro_rpt.pdf

149. In the coming months, IFAD will work with FAO, the World Bank, the presidency of the G20, and the G20 itself, to hold regional consultations on inclusive business models in agriculture. As the DWG discusses a new development agenda and accountability mechanisms for its work, IFAD and the other Rome-based agencies (along the rest of the United Nations group working with the DWG) will seek opportunities in these discussions to ensure continued prominence of food security and agriculture in the G20 and more effective G20 engagement with international organizations. IFAD will also continue to engage in initiatives linked to the 2011 G20 that are important for promoting an enabling environment for its mandate, notably as part of the secretariat of the Agriculture Market Information System initiative, a promoter and possible host of the Platform for Agriculture Risk Management, and one of the agencies working on the PRAI.
150. **United Nations Conference on Sustainable Development.** Rio+20 was held on 20-22 June 2012.¹⁹ The objective was to secure renewed political commitment for sustainable development (founded on the integration of economic development, social development and environmental protection), assess progress to date and remaining gaps, and address emerging challenges. The main policy outcome was an outcome document entitled "The Future We Want". This was initially drafted by the United Nations Department of Economic and Social Affairs (UNDESA) and then negotiated among 190 or so member states in the months leading up to the conference, prior to its official adoption.
151. IFAD's objective in engaging in the Rio+20 process was to ensure that issues related to smallholder agriculture were given recognition and weight in the outcome document. This was pursued by: (i) actively engaging in the preparatory phase, starting in October 2011 prior to the compilation of the first draft of the outcome document, and later through various sessions held to negotiate the text; (ii) collaborating closely with FAO, WFP and Bioversity International to articulate common positions on issues related to sustainable agriculture and food security, with smallholder agriculture as an important element of this; (iii) adopting an active communications strategy around these positions; and (iv) providing financial support to organizations of smallholder farmers and indigenous peoples to enable them to represent their constituencies at the conference.
152. Critical steps in the preparatory phase included working with the other Rome-based agencies on a joint submission to UNDESA on issues of agriculture and food security, offering proposed text to UNDESA and national delegations involved in the negotiations, and engaging with delegations through various means, including on the margins of the preparatory meetings in New York. The process of policy engagement around the outcome document was supported by a communication outreach agenda prior to and at the conference. An IFAD delegation headed by the President attended the conference, where IFAD principally engaged by hosting or co-hosting side events (e.g. an Agricultural and Rural Development Day, an event at the United Nations Global Compact-organized Corporate Sustainability Forum, and a joint Rome-based agencies' technical event and official side event, where the United Nations Secretary-General launched the Zero Hunger Challenge).
153. While many argued that the Rio+20 outcome document was less ambitious and binding than hoped for, many others saw positive elements in it. From IFAD's standpoint, the sections of the document related to agriculture and food security appear broadly in line with the messages put out by the Rome-based agencies. The event also opened up further opportunities for IFAD to influence the Rio+20 follow-up process from a policy standpoint. These include the following:

¹⁹ Besides the negotiation sessions that constituted the conference, a large number of side events took place before and during the conference. Taken together, this attracted as many as 45,000 participants from governments, the private sector, United Nations and international development agencies, research organizations, NGOs, civil society, the media, etc.

- The outcome document highlights the need for sustainable development goals and it outlines a country-led process to develop them. Eventually these goals are expected to find their way to the core of the broader post-2015 development agenda that the United Nations Secretary-General has been mandated to work on. IFAD has already contributed to this agenda, through its participation in the United Nations System Task Team that prepared the 2012 Report to the Secretary-General “Realizing the Future We Want for All”, and it will continue to do so in the context of these linked processes;
 - The outcome document includes a commitment to upgrade the United Nations Commission on Sustainable Development with a high-level political forum that could help to maintain the raised profile for sustainable development and enhance efforts towards implementation and innovation within institutions. This may create new spaces and processes around policy issues related to sustainable development, to which IFAD can contribute; and
 - The conference helped strengthen an emerging constituency supportive of a new paradigm of sustainable development, which includes – and indeed, in some areas is being led by – the private sector. This is likely to pose new policy challenges and opportunities, which IFAD can help to address through its work in different settings (e.g. concerning the integration of sustainability into private investment and business models in agriculture).
154. The United Nations has a series of responsibilities in following up and supporting the realization of the provisions of the outcome document. Work has started on identifying tasks and responsibilities, and IFAD has actively participated in this. A particularly important task will be establishing a United Nations inter-agency technical support team to support the General Assembly-led process to draw up the sustainable development goals – a team in which IFAD will be an active member.

Building partnerships for broader impact on smallholder development

155. Partnerships have always been at the heart of IFAD’s business model. Partnership-building lies at the centre of the operations it funds. IFAD does not implement projects: governments, civil society institutions, farmers and the private sector do – and effective partnership at this level is key to IFAD’s impact. But IFAD has also systematically – and successfully – sought other partnerships in project financing, policy dialogue, knowledge management for effective smallholder solutions and for improved administrative and financial efficiency. The Fund needs to be even more proactive. On the one hand, there is increasing demand from potential partners in the context of their need to strengthen their own capacity to address smallholder issues: as national development imperatives, or as part of global development strategy. On the other hand, IFAD itself needs more effective partnerships as it confronts the need to deliver more impact in an environment in which the resource streams upon which it traditionally relies are constrained. This need was recognized during the consultations on IFAD8, which called for a more systematic and strategic approach. A recent stocktaking found that IFAD has strong partnerships with many of its Member States; it has established a number of unique partnerships in different domains; it has a recognized comparative advantage and is generally trusted by its partners; and its partnership ratings are improving. Conversely, it has not had a common institutional vision of partnerships; it has allowed many non-strategic partnerships to develop in an ad hoc manner; it has given inadequate attention to its partnerships with some of its members; and it has not consistently managed and monitored its partnerships well, nor has it always been responsive to its partners. The importance of the issue called for an action plan, a strategy and an adequate institutional framework of support.
156. The IFAD Partnership Strategy was developed in 2012 and reviewed by the Executive Board in September 2012. The objectives of the strategy are to enable IFAD to: use its corporate strategic priorities as the basis for determining its partnership requirements, and be selective in its identification of partners; develop,

manage and monitor its partnerships effectively and efficiently; be a partner of choice for others; and through its partnerships, assist other rural development stakeholders in becoming more relevant, effective and efficient. The strategy will provide the road map for improving IFAD's partnership performance. A new Partnership and Resource Mobilization Office (PRM), established in 2012, will be responsible for ensuring effective implementation of the strategy. Throughout the year, PRM has been equipping itself to fulfil this responsibility. It is now fully staffed, is preparing an action plan for implementation of the strategy, and has begun providing partnership training to selected staff.

157. Partnerships for project cofinancing will continue to be largely the responsibility of the country management teams, not least because an increasing amount of cofinancing is sourced in-country. At the same time, PRM is scouting for partnership opportunities and brokering institutional partnership framework agreements that support collaboration at the country level. This often involves mobilizing grant contributions to IFAD, and PRM is working to improve the effectiveness and management of these resources.
158. IFAD9 called for an exploration of alternative resources as essential for IFAD to reach its ambitious development impact goals. That exploration has already started even before the beginning of the IFAD9 period: a technical roundtable discussion on "Mobilizing Resources for IFAD Programmes: Alternative Sources and Innovative Modalities" was held in June 2012, with participation of over 50 high-level external participants from IFIs, multilateral development banks, United Nations agencies, governments (including Executive Board representatives), central banks, microfinance institutions, commercial banks, impact investing funds, law firms and think tanks. In close consultation with IFAD's Executive Board, an internal process is under way to develop recommendations for new financing and resource mobilization modalities, which are expected to be considered by the Board in 2013. Also in 2013, work will begin to develop more systematic engagement and partnership with the global private sector and philanthropic foundations.

Raising the contribution of South-South and triangular cooperation to smallholder development

159. The global development architecture is changing rapidly: private investment flows into developing countries and their own domestic investments dwarf official development assistance, although less so in agriculture; and agents of official development cooperation have recognized the need to take into account a major new axis – to include cooperation among developing countries themselves, parallel to increasingly important economic relations. Hence the move by development cooperation agencies – including the United Nations, IFIs and bilateral organizations – to include South-South and triangular cooperation (SSTC) in their respective corporate agendas. To the extent that part of this cooperation is focused on agriculture, it has a potentially important contribution to make to accelerating agricultural transformation in developing countries – not only by bringing in new participants, but also as a mechanism for sharing and putting to work often hard-won experience. This experience and know-how is often particularly relevant for smallholder development. Many developing countries have an important smallholder and rural SME sector, and, for some, successful smallholder and rural SME development has played a vital role in their growth. They have essential knowledge and experience about the concrete institutional, policy, technical and social issues involved.
160. IFAD's engagement in SSTC is tightly focused on agriculture, and specifically smallholder agriculture. Its objective is to assist developing countries with initiatives to share and apply knowledge; and, working together, to develop knowledge that can have a material bearing on their ability to pursue smallholder development. In some cases, this involves activities directly covered under projects financed by IFAD (e.g. in Yemen and Jordan, on women's savings and credit groups; or the exchange of experiences among project staff in IFAD's Near East and

North Africa portfolio) and project collaboration with national development partners. In other cases, it involves activities that strengthen more general national capacities in key areas of smallholder development. Table 11 provides examples of some of IFAD engagement in SSTC cooperation initiatives.

Table 11
Illustrative examples of recent and ongoing IFAD engagement in SSTC cooperation initiatives

<i>Initiative</i>	<i>Year</i>	<i>Main topics</i>	<i>Partners</i>
Africa-Brazil Agricultural Innovation Marketplace (grant)	2010-2013	Agricultural research, development and innovation	IFAD, EMBRAPA, FUNARBE, FARA, DFID, World Bank, NGOs, private sector
Asia Regional Gathering of Pastoralist Women (grant)	2009-2011	Empowerment, capacity-building, decision-making support for women	IFAD, MARAG, participants from 21 countries (Asia, Near East, Middle East)
International Network for Family Poultry Development (grant)	2009-2013	Poultry production to improve incomes and to reduce food insecurity and poverty	IFAD, INFPD, Palli Karma-Sahayak Foundation, 16 countries involved
India-United Republic of Tanzania: Dairy-based livelihood, feed innovation, value chain approaches (grant)	2011-2015	Value chain and innovation focus, research and knowledge-sharing on strategies	IFAD, private sector, national research and extension systems
SCAMPIS Guatemala, India, Madagascar (supplementary funds)	2011	Scaling up micro-irrigation systems and natural fertilization	IFAD, involved countries' representatives, selected organizations, private sector
Yemen-Jordan (in-project)	2011	Women's savings and credit groups	IFAD, IFAD-funded Agricultural Resource Management Project - Phase II (Jordan)
Scaling up rice value chain development in Africa through SSC (grant)	2012 (forthcoming)	Rice value chain enhancement with scaling-up focus	IFAD, FARA, CARD, AfricaRice, IRRI, NRDS, CAADP
Fourth SSC Workshop, China (loan/grant)	2012	Rural development and poverty reduction; value chain	IFAD, China Ministry of Finance, 12 developing countries, private sector, researchers, academics
IMI project: Making Biogas Portable: Renewable Technologies for a Greener Future (grant)	2012-2013	Decentralized renewable energy sources, smallholder dairy production, knowledge-sharing and learning	IFAD, Kenya, private sector (Biogas International)

Note: AfricaRice=Africa Rice Center; CAADP=Comprehensive Africa Agriculture Development Programme; CARD=Coalition for African Rice Development; DFID=Department for International Development (United Kingdom); EMPRAPA=Brazilian Agricultural Research Corporation; FARA=Forum for Agricultural Research in Africa; FUNARBE=Arthur Bernardes Foundation, Federal University of Viçosa; IMI= Initiative for Mainstreaming Innovation ; INFPD=International Network for Family Poultry Development; IRRI=International Rice Research Institute; MARAG=Maldhari Rural Action Group; NRDS= national rice development systems; SCAMPIS= Scaling up micro-irrigation systems; SSC=South-South cooperation.

161. Support for SSTC and knowledge-sharing is not new at IFAD. IFAD has contributed greatly to developing and sustaining institutions such as the Farmers' Forum and the Indigenous People's Forum, both of which play an innovative and unique role in knowledge-sharing among smallholders. Country programmes have long included arrangements for bringing the experience of other developing countries to bear, including the direct involvement of the official (and other) institutions that "hold" that experience. In many cases, this has involved bilateral technical cooperation (e.g. Brazil and African countries), but it has also included collaboration on policy development (e.g. the Common Market of the South/Commission on Family Farming in Latin America, and the "pro-poor policy approaches" grant in the Greater Mekong subregion). In some cases, and especially through the grant programme, it has taken the form of multi-country/institutional networks through which cooperation can take place (e.g. IFADAsia, KariaNet, FidAmerica, FidAfrique).

162. All of these networks focus on the issues that IFAD was established to address. An outstanding example of SSTC supported by IFAD in the policy area is the highly successful Commission on Family Farming in Latin America – which has made a tangible contribution to high-level discussion of policy issues and solutions for the promotion of family farming among countries of Latin America (including Argentina, the Plurinational State of Bolivia, Brazil, Chile, Paraguay, Uruguay and the Bolivarian Republic of Venezuela). Bilateral exchanges to address specific technical issues are myriad. They include: IFAD’s support for exchanges of experience in upland agricultural development between China and Cambodia (rice and maize testing); promotion of exchanges between the United Republic of Tanzania and India (with the most successful smallholder dairy development experience in the world) on dairy-derived livelihoods; and specific broad national membership commodity development networks such as those focused on commodities that have a major significance for smallholder economies globally, such as rice and cassava (with a strong emphasis on the exchange of knowledge and experience between Asian and African countries) and, more recently, poultry. Some of the project-based capacity development activities have laid the ground for theme-based learning and exchange visits across national and regional boundaries, involving planners and policymakers, country project staff and IFAD programme managers. The learning routes initiatives, co-sponsored by IFAD and other partners, are part of these exchange visits. Far from being what is often dismissed as “development tourism”, these exchange visits have as a starting point the identification of specific development issues at project or community levels, followed by cross-fertilization through study tours, as a basis for elaboration of innovation plans or road maps for follow-up action in the context of an IFAD country programme linked to relevant country-led processes.
163. The potential of SSTC in addressing smallholder development issues has grown as institutions in developing countries accumulate their capacities and experience, as has the interest – at the highest level – of many developing countries in actively sharing these. What is clear is that SSTC can help build national policy and technical environments that contribute to the greater effectiveness of IFAD country programmes and to the overall smallholder development effort that these country programmes support. It is also clear that IFAD can contribute to the effectiveness of the cooperation by mobilizing its own extensive partnerships and networks of collaboration. That, and growing demand from IFAD Member States to support their own initiatives, has prompted a more proactive and strategic approach on IFAD’s part.
164. In September 2010, IFAD discussed its approach to SSTC with its Executive Board, and it was decided that it should adopt a systematic approach, mainstreaming SSTC into its business model, including as part of its scaling-up strategy. The issue was taken up again in the consultations on IFAD9, in the context of which IFAD undertook to “establish an adequately resourced corporate coordination function to ensure South-South and triangular cooperation is pursued in a strategic manner, is widely mainstreamed across country programmes, and is grounded in a robust evidence base; and to develop staff incentives to proactively pursue and promote South-South and triangular cooperation”.
165. Within the context of the action taken to honour that engagement, for the first time IFAD’s engagement is no longer the sum of individual and ad hoc initiatives of its regional divisions, although the regional divisions continue to play a key role in identifying and developing opportunities. Responsibility for promoting a more coherent approach – benefitting from the diverse experiences gained to date, and arising in the context of broader initiatives and frameworks of SSTC (rather than simply bilateral cooperation among particular developing countries) – has been established for the first time, and located in the Strategy and Knowledge Management Department. The Department has the clear mandate to promote IFAD’s engagement as a means of broadening partnerships for smallholder

development, focusing on relationships that offer real opportunities for operational impact for IFAD and for its national-level development partners.

Pursuing the scaling-up agenda

166. IFAD's objective is to generate a greater global engagement in addressing the key challenges and opportunities of smallholder development as an essential component of sustainable rural poverty reduction, food security and growth. This involves mobilization of more resources, as well as use of the most effective form of investment of resources by all participants: governments, development agencies, smallholders and the private sector. This is the rationale for policy engagement, partnership development and the promotion of SSTC. A core component of its contribution is developing vehicles through which collaboration can take place – and IFAD's scaling-up agenda is central to the creation of those vehicles. It involves the elaboration of large-scale smallholder development programmes that allow the participation of all key actors in supporting implementation of approaches that have proved effective on a smaller scale and promise major impact if pursued on a broader scale that can be sustained over time – as made possible by anchorage in, for example, national financial and institutional systems, national policies and national programmes.
167. Scaling up is a pathway towards a goal of impact at scale achieved with continuous learning and innovation. For IFAD as an institution, the scale objective is ultimately to reduce rural poverty; for IFAD-supported country programmes, specific scale objectives need to be defined for each programme or for each line of business pursued. In each case, specific pathways need to be identified depending on the country or business line. It is also helpful to consider systematically the drivers that push a scaling-up process forward and the obstacles that may get in the way – or the spaces that have to be created to allow scaling up to happen. At the core of the framework is, therefore, an analysis of whether and how IFAD has identified the scaling-up pathways and the drivers and spaces in its work in specific countries and business lines, and how IFAD could in future pursue an operational approach that would assure a systematic pursuit of these key aspects of the scaling-up process
168. IFAD has a good record of scaling up successful smallholder development approaches, but not at the level sufficient to meet its broader impact and change objectives. This has been partly the result of insufficient understanding of the specific issues involved in successful scaling up, and a corresponding failure to address those issues systematically – a failing shared across the rural development community. In close collaboration with the Brookings Institution, and in liaison with other interested bilateral and multilateral organizations, IFAD has developed a set of operational approaches and tools to support scaling-up efforts, materials that have already been adopted by other agencies, with explicit recognition of IFAD's leading work.
169. The current challenge is to move from development of methodologies and norms to actually increasing the level and incidence of scaling up at the operational level. IFAD will achieve this by addressing the concrete and specific issues confronted in its work; analysing actual experience in key thematic areas; directly supporting operational teams to integrate the scaling-up agenda into their work; and beginning to develop a shared understanding of scaling up with its development partners (whose informed engagement is vital to the success of the exercise).
170. During 2012 IFAD has been building this bridge between conceptualization and implementation, including by:
 - Finalizing IFAD-funded knowledge products on approaches to scaling up, consisting of eight country case studies (Albania, Ethiopia, Cambodia, Ghana, Peru, Philippines, the Republic of Moldova, and Viet Nam) and four cross-cutting reviews (institutions; partnerships; value chains; monitoring and evaluation and results framework for scaling up);

- Carrying out action research on internalizing the scaling-up agenda into relevant corporate processes in selected cases, including COSOP and project design (e.g. Egypt and Bangladesh) and supervision (Kenya and Sri Lanka), and performance self-assessments (regional portfolio reviews). Country teams have been supported in applying a set of framing questions on scaling up at project design stage, as reflected in most project concept notes and project design reports that have a scaling-up dimension. Scaling-up dimensions are also discussed during country portfolio reviews and project evaluation; and
 - Supporting sustained partnership-building and outreach activities to promote a common understanding of scaling-up concepts and issues, taking into account that the pursuit of impact pathways by IFAD will require opening up partnership spaces for scaling up.
171. The encouraging progress so far also reflects a systematic approach combining action and research activities as described above, including knowledge products, guidance tools and learning events, partnership-building and outreach to like-minded government and partners, and recognition of champions. Key lessons of this phased and systematic approach are that:
- There seems to be a significant comparative advantage of a progressive internalization of the scaling-up agenda based on staff and management buy-in and commitment of willing champions.
 - Early efforts to rally like-minded governments and partners – at project and country levels and on the international policy arena – around scaling-up concepts and issues have been fruitful, taking into account the need for complementary interventions along coordinated scaling-up pathways. IFAD has made substantive contributions to recent or forthcoming publications and/or learning events on scaling up by IFPRI, the World Bank, the FAO Investment Centre, and the United Nations Development Programme (UNDP). Likewise, IFAD’s framing questions have inspired similar guidance tools on scaling up by the Australian Agency for International Development, the World Bank and UNDP.
 - The incentive-based, incremental approach has proved effective, as opposed to a committee-based approach involving up-front development of corporate strategy/policy papers on scaling up and related staff guidelines, to be enforced by checking functions at different levels of the project cycle.
 - Learning from experience and from problems in substance and process yields positive results. The first phase of the IFAD scaling-up agenda started with a stocktaking of country-specific or thematic experiences to assess what works, what does not and why; followed by an institutional review of IFAD strategies, policies and procedures, through a scaling-up lens, to identify conditions under which scaling up could be achieved through a more proactive and systematic approach. This turns out to offer a better strategic and operational “filter” at corporate and country levels, towards a focused approach to various components of IFAD’s operating model including country programme and project design, supervision and implementation support, knowledge management, policy dialogue, partnerships and country presence.
 - The scaling-up mindset also sheds new light on the recurrent debates on efficiency, impact and sustainability and exit strategies at corporate and country programme level.
172. Next steps will consist of promotion of a scaling-up community of practice and learning alliance involving government and like-minded partners, and a systematic pursuit of the internalization process through build-up of country team capacities at corporate level and in the field.

VI. Conclusions

173. At the global level, extreme poverty has been reduced, but the problem of food security has acquired new, long-term and systemic dimensions. For many developing countries, including countries with middle-income status, further progress in reducing rural poverty and food insecurity must involve meeting the challenge of realizing the demonstrated potential of smallholder producers. This is both a question of poverty reduction and food security among the rural population – and a question of sustainable and equitable growth. Given the increasingly important role of developing countries in the dynamics of the global economic (and food) system, their success is of more than local interest.
174. In the IFAD8 period, IFAD was tasked with substantially increasing its support to national efforts to meet the smallholder development challenge – by mobilizing higher levels of investment, achieving greater impact and raising even further the quality of its work in generating successful models of engagement for all partners. This it has broadly achieved – while also reaching the high-level efficiency target set in the IFAD8 RMF.
175. In IFAD9, IFAD will measure its impact more rigorously – and it has a specific target set: to enable 80 million rural people to move out of poverty. Eighty million is both a large number – and a small one. It is a large number for an institution of modest size within the IFI community. It is still a small number compared with the size of the global rural and smallholder population at low levels of income and productivity – and it is small as well considering the urgency of the state of food insecurity. IFAD needs to go beyond successful projects to success in promoting a far broader response to rural poverty and food insecurity. It needs to generate effective solutions to the broad challenges of smallholder development. It needs to ensure that the solutions are inclusive and equitable. And it needs to create the conditions for their wide application.
176. IFAD is making progress. Work on effective integration of smallholders into evolving markets is now a major component of its activities, and the ASAP promises to represent a decisive step forward into mainstreaming resilience to climate change across the operations it funds – including market integration. Continuing work on social institutions and organization among smallholders promises to create stronger grounds for equitable growth – and for effective articulation with the larger-scale private sector in agroprocessing and handling and distribution. The focus on gender and indigenous peoples promises to move inclusion into far greater spaces.
177. Yet all these advances will have limited impact, and the scope of the advances themselves will be limited, if they do not become part of a much greater collective effort in exploring, consolidating and expanding the drive towards smallholder development. IFAD's achievements in building a broader community have been substantial. It has an enviable record in the cofinancing of its projects, and the large and rising national contribution to that cofinancing indicates that it is doing the right things. It needs to do more. This is the challenge of IFAD9. IFAD has shown that it can do more with more resources. In IFAD9 it will have to do more with the same level of resources. This puts a premium on partnership: collaborating with others to find solutions; collaborating with others to implement solutions at scale.
178. As the IFAD8 period draws to a close, IFAD is rapidly putting in place its preparations for the things that its successful portfolio needs to achieve much greater leverage for impact. Its engagement in policy dialogue for smallholder development has expanded at the national and international levels. It is moving towards a coherent approach for making SSTC a more effective instrument for rural transformation. It has put in place a much more targeted and supported approach to partnership development. And it is turning the scaling-up agenda into a series of mapped-out processes for success. The programmes and projects IFAD supports

remain the core of its work, but to meet larger objectives they need to be complemented by the processes and capabilities that turn local success into implemented national and international solutions. Making sure that all essential dimensions of operations are adequately resourced will be a continuing challenge.

179. In IFAD9 the adequacy of IFAD's preparations will be put to the test. Its approach to scaling up will be explicitly and separately assessed in the quality assurance process. There will be direct reporting on support for SSTC. And ambitious cofinancing goals will be closely monitored. The acid test of success, however, will be how much support others give to the solutions that IFAD proposes – and impact on the ground. By definition, partnership is not something that IFAD can do on its own. IFAD is a partnership – among its members. Its success will depend upon deepening that partnership in strengthening its relationship with national and bilateral programmes. The signs are that it is making important progress in partnerships with developing countries themselves – in national programming and financing, and in South-South cooperation. It needs to make further progress in its partnerships with the development programmes of donor countries, where cofinancing and cooperation have not expanded as quickly as domestic cofinancing. A critical factor in this relationship will be a more vigorous demonstration of results on the ground – on the basis of an approach that is persuasive not only to IFAD itself, but to all its development partners, current and potential. That is, of course, precisely what the IFAD9 RMF promises – and what IFAD, in partnership with those who are driving the results agenda, is investing in today.

IFAD Policy on Gender Equality and Women's Empowerment: Annual report 2012

1. With the Executive Board's approval of the IFAD Policy on Gender Equality and Women's Empowerment in April 2012, this has been an exciting year for gender mainstreaming initiatives in IFAD.
2. The policy is central to the goal of IFAD's Strategic Framework 2011-2015 – enabling poor rural women and men to improve their food security and nutrition, raise their incomes and strengthen their resilience. The policy goal is to deepen impact and strengthen the sustainability of IFAD-supported development initiatives, by increasing IFAD's impact on gender equality and strengthening women's empowerment in poor rural areas. Its three strategic objectives focus on economic empowerment, representation and decision-making, and workload balance and sharing of the benefits between women and men.
3. This is the first annual report on gender in IFAD, and, in line with the RIDE reporting period, it covers the period July 2011 to June 2012. It represents the baseline for reporting on the gender policy because most of the achievements noted below were already ongoing prior to the approval of the policy in April 2012. The report is in three parts: the first focuses on achievements in relation to the three strategic objectives of the policy; the second highlights key activities and outputs under the five action areas for policy implementation; and the third identifies some of the principal activities for the coming year.

A. Results achieved in relation to the strategic objectives

4. An overview of the outreach to IFAD beneficiaries through IFAD-supported loan activities is presented in table 1. In 2011, women's representation among people receiving services from IFAD-supported projects increased significantly, both numerically (from 19 million to 28 million) and as a percentage of the total (from 45 per cent to 48 per cent).
5. Among the economically related activities, outreach to women is strongest in business and entrepreneurship training and rural financial services, where women are more active than men as both savers and borrowers. This demonstrates the significant contribution of women-run microenterprises and small businesses to the rural economy. In contrast, despite the significant role women play in agriculture and food production, men continue to dominate participation in crop production training and access to technologies. Nevertheless, women are significant beneficiaries of livestock services, reflecting the importance of small livestock (ruminants and poultry) to the livelihoods of poor rural women.
6. Given the critical role that women play in community welfare, IFAD is vigorously supporting women in community development projects and they receive most of the training in community management topics.

Table 1
Number of people receiving services from IFAD-supported projects disaggregated by gender

<i>Operational outcomes</i>	<i>Indicator</i>	<i>Measures of success and source of verification</i>			
		<i>Baseline value (2007/2008)</i>	<i>RIDE 2010 (2009 data)</i>	<i>RIDE 2011 (2010 data)</i>	<i>RIDE 2012 (2011 data)</i>
<i>People receiving services from IFAD-supported projects</i>	People receiving services from IFAD-supported projects (number)	29.2 million	36.6 million	43.1 million	59.1 million
	Male: female (percentage)	57:43	51:49	54:45	52:48
<i>Agricultural practices/ technologies</i>	People trained in crop production practices/technologies	1.7 million	4.1 million	4.5 million	4.8 million
	Male: female (percentage)	50:50	63:37	65:35	64:36
	People trained in livestock production practices/technologies	1.1 million	1.1 million	1.2 million	1.2 million
	Male: female (percentage)	35:65	44:56	44:56	55:45
<i>Rural financial services</i>	Active borrowers	4.4 million	4.8 million	2.7 million	4.3 million
	Male: female (percentage)	52:48	51:49	43: 57	31:69
	Voluntary savers	5.4 million	8.4 million	7.9 million	5 million
	Male: female (percentage)	51:49	49:51	47:53	32:68
<i>Microenterprise</i>	People trained in business and entrepreneurship	0.2 million	0.2 million	0.7 million	1.4 million
	Male: female (percentage)	53:47	48:52	39:61	25:75
<i>Policies and institutions</i>	People trained in community management topics	0.7 million	1.2 million	2.1 million	3.2 million
	Male: female (percentage)	38:62	24:76	23:77	25:75

Source: RIMS.

7. The text below presents examples to demonstrate how activities within the ongoing IFAD portfolio contribute to the achievement of the three strategic objectives of the gender policy.

Strategic objective 1: Promote economic empowerment of rural women and men

8. Initiatives to promote economic empowerment to enable rural women and men to have an equal opportunity to participate in, and benefit from, profitable economic activities fall into five principal groups (see below). To ensure that resources and development opportunities reach and empower poor rural women, approaches include a mixture of self-targeting and direct targeting, the latter through quotas and earmarked funds.

Strengthening existing livelihoods

- In Cambodia, the Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri has attracted the active participation of women by focusing the technical training on activities that are mainly carried out by women (chicken- and pig-raising, and vegetable production). Half of the commune extension workers are women and mostly young people.
- The District Livelihoods Support Programme in Uganda has adopted an innovative extension methodology to work with poorer households. Under the household mentoring approach, adult members of a household meet together with a trained mentor selected from the local community. During these visits, men and women in a household are assisted in planning their livelihoods and in working together to improve their food security using modest grants for essential farm inputs and to develop their asset base, establish links with available community services, adjust their workloads to achieve a more equitable balance and share in the benefits equally. The distinctiveness of this approach is that it brings about changes in gender relations "from within" rather than being imposed "from without".

- In Malawi, the Irrigation, Rural Livelihoods and Agricultural Development Project has also used the household mentoring approach through the extension system. As a result of increased contact between extension workers and farming households, women and men, young and old, have improved access to the various agricultural technologies being introduced and to training.
- The Regional Programme in Support of Rural Populations of African Descent in Latin America has achieved positive results. There is evidence that women have improved self-esteem and increased incomes, and that their families enjoy greater stability. The programme cofinances women's and young people's rural enterprises and promotes studies, learning and the exchange of knowledge. Women-owned enterprises tend to be more sustainable and inclusive than those led by men. The programme is already receiving requests for technical assistance from other development agencies.

Developing value chains

9. Overall, the incorporation of gender equality concerns in value chain development is an area that still presents weaknesses and capacity gaps. Although women are key actors in agricultural production and processing, value chain development activities can result in male capture of tasks and activities traditionally performed by women. Many IFAD-supported projects need to find sustainable and effective solutions that enable women to secure new roles in value addition, access more profitable markets and appropriate the economic benefits from value chain upgrading.
 - The Gender Action Learning System (GALS) is an innovative community-led methodology that has been developed with IFAD grant support to Oxfam Novib. It comprises a series of tools that enable household members to negotiate their needs and interests and find innovative, gender-equitable solutions in livelihoods planning and value chain development. The tools may be used by individuals at the household level, among groups (such as farmers' groups or value chain actors) and by organizations. They are based on visual methods and are proving to be a powerful approach to empowerment. They are also proving useful in multistakeholder participatory planning workshops for gender-equitable and pro-poor value chain development. This methodology was initially piloted in Uganda and has now been replicated in several other African countries.
 - In Zambia, the Smallholder Livestock Investment Project has included small ruminants and chickens as value chain-based interventions to ensure that project activities are relevant to women and poorer households, and not attractive to large commercial farmers. The Smallholder Agribusiness Promotion Programme – with a women's participation rate set at 50 per cent of the beneficiaries – assesses where women could play a role in value chain development, identifies the specific constraints they may face – such as access to finance or technical support – and takes steps to ensure that services reach them adequately.
 - By targeting activities to women, based on their position in the cassava value chain, and addressing their specific needs, the Roots and Tubers Market – Driven Development Programme in Cameroon has strengthened the economic power of producers and processors – including women – and their leadership in decision-making bodies in the value chain. This has also resulted in a positive impact on the social and political position of rural women.

Developing new areas of expertise and livelihoods

- Under the Al-Dhala Community Resource Management Project in Yemen, a group of young Yemeni women have trained as veterinary professionals, breaking with tradition in a male-dominated area. This required winning over the support of, first, their parents – with the help of the community and gender development officer, local elders and sheikhs – and, second, the training institute – with the help of the Ministry of Agriculture and Irrigation. Two women have already graduated and have become a source of inspiration and knowledge for their communities: one works as an extension agent and the other has set up her own veterinary clinic. As a result of the women students' superior performance, the institute has opened admissions to women without discrimination. The number of rural households prepared to send their young women to study at the institute and further afield is gradually increasing.
- In Bangladesh, women-dominated labour-contracting societies (LCS) have been established in several projects for infrastructure construction as an innovative approach for engaging with and promoting the economic empowerment of the poorest women, including single household heads. LCS members receive training, and each LCS operates a bank account. The women workers also receive training in social development (e.g. health, legal rights) and technical support in income-generating activities, including linkages with service providers, to enable them to use the money they have earned productively and to move out of poverty in a more sustainable way. Former LCS members are prioritized in the provision of credit and are exempted from paying a fee for selling their products at the markets. A gender perspective is also reflected in market construction with provision for women's sections and toilets.

Accessing financial services

- Under the Microfinance Innovation and Outreach Programme in Pakistan, innovative products were developed specifically to work with women or women-dominated enterprises, including various value chain finance products; however, ensuring women's control over loans is still a challenge.
- The financial graduation approach under the Programme for Rural Outreach of Financial Innovations and Technologies in Kenya targets vulnerable women and young people, enabling them, through skills training, to increase their assets and/or graduate into gainful employment.
- With support from the South Kordofan Rural Development Programme, the Agricultural Bank of Sudan's microfinance initiative has adopted a women's savings and credit group model, which involves the formation of solidarity-based savings and lending groups in rural communities without access – at present – to formal finance linkages. The initiative comprises over 8,000 women from poorer households in 350 groups. Money has been saved and borrowed for small crop activities, livestock fattening and rearing, and a range of microenterprises such as informal trading, tea stalls and brickmaking.
- Access to credit through the Microfinance and Microenterprise Development Project in Djibouti has had a positive impact on job creation, in particular for women, and has contributed to improving the food security of their households and their standard of living. It has also enabled women to gain consideration and self-esteem in their households.
- The Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province, Viet Nam, working with ethnic minority women, has developed training materials for savings and credit groups in local languages. Training activities are also conducted in languages familiar to the participants.

- In India, the Tejaswini Rural Women's Empowerment Programme has made it possible for 20,000 women in Maharashtra to access insurance products that meet their needs. The women were mostly interested in life and accident insurance and, to a lesser extent, asset insurance.
- The apex federations, set up with the support of the North Eastern Region Community Resource Management Project in India, offer financial intermediary services to self-help groups (SHGs) and the village-level general assembly groups (where an adult woman and man from every household is a member) formed specifically under the project to manage their natural resources. As a result of training, community-to-community exchange visits, field trips and demonstrations, women have been encouraged to become active borrowers, disbursements have increased, loan recovery has improved and control over the at-risk portfolio has been strengthened.

Increasing control over assets

10. Securing women's access to and control over land is critical for promoting women's economic empowerment. In sub-Saharan Africa, many women farmers still gain access to key productive resources, including land, through their husbands or male relatives. This can constrain their ability to make autonomous decisions over farming and to claim access to the income gained from agricultural production.
 - In the area covered by the Community-based Integrated Natural Resources Management Project in Ethiopia, over 50 per cent of woman-headed households have been provided with land certificates, whereas in married households, land certificates bear both the husband's and wife's names (joint titling).
 - Two projects in Rwanda – the Umutara Community Resource and Infrastructure Development Project and the Kirehe Community-based Watershed Management Project – have raised awareness and disseminated information about women's land rights, land laws, the registration process, and the advantages that joint titling could bring to both women's and men's livelihoods. Women, together with men, are now fully aware of their rights and entitlements, and consequently able to challenge discriminatory customary norms.
 - Under the land management component of the District Livelihoods Support Programme in Uganda, priority is given to supporting women household heads in land registration. Co-ownership of land is being encouraged when registering land in man-headed households. The emphasis on co-ownership has yielded some positive results, although still more sensitization on the issue is needed.

Strategic objective 2: Increase rural women's decision-making power and representation

11. Initiatives to enable women and men to have equal voice and influence in rural institutions and organizations take place in a variety of contexts, ranging from project-related institutions at the community level, to farmers' and producers' organizations, through to national forums and global gatherings. Quotas are often used to ensure minimum levels of women's representation among both the members and leaders, complemented by capacity-strengthening in membership and leadership skills.

Community-level groups

- There are many opportunities for developing women's voices and skills in community-based organizations, such as WUAs, community asset management groups (roads, markets, forests) and village development committees. In some instances, women's empowerment through participation

in project activities has resulted in their being successful in local government elections (for example, in Orissa, India).

- The Tejaswini Rural Women's Empowerment Programme, in Maharashtra, India, focuses on strengthening the livelihoods of women who suffer the multiple disadvantages of poverty, ethnicity and gender discrimination in economically depressed regions. Project activities are open only to eligible members of women's grass-roots organizations (especially SHGs), and include microfinance, livelihood development, collective action and community development. The community-managed resource centres – set up as apex organizations of the SHGs – cater to the needs not just of SHGs established under the Tejaswini programme but also those established by the Government or other programmes, thereby considerably extending the scope of their impact.

Farmers' and producers' organizations

- The Fisheries Development Project in Eritrea is reorganizing and strengthening existing fisheries cooperatives to sharpen their gender and youth focus. A bottom-up, fisher-driven approach is being adopted to promote sustainable processes of gender-sensitive organizational change to overcome the traditional behaviour where women and young people shy away from expressing their views in meetings where elders are present.
- Using the "closing the gap" methodology developed among IFAD-funded projects in the LAC region has enabled many farmers' organizations to develop the capacity to provide better-targeted support services that respond to the specific needs of different segments of their membership. As a result farmers' organizations have seen the increased participation of women and young people in leadership positions, which is fuelling transparency, democratic governance and sustainability.
- In Bosnia and Herzegovina, the Rural Business Development Project addresses the low entrepreneurial confidence of rural women by strengthening their technical capacity to engage in rural enterprise development and by establishing commercially oriented producers' associations and cooperatives, through which women can better access training, markets, storage and packaging solutions, and professional networks.

National and global forums

- The revitalization of the Women's College under the National Programme to Support Agricultural Value Chain Actors in Guinea has resulted in the college now being a gateway to the strengthened leadership of rural women in producers' organizations. The process involved capacity-building activities in lobbying, advocacy, negotiation and public speaking. To support the process, the board of the National Confederation of Farmers' Organizations of Guinea created an official position at the college, the Director of Women and Gender Issues – a strong signal that reflects the commitment of Guinean political bodies and a positive change in attitudes on gender issues in the country.
- Through the Women's Leadership Development Programme, supported by Norwegian supplementary funds, training is provided on women's leadership, organizational change and gender analysis to build the capacity and voice of women leaders in producers' organizations, from the grass-roots through to the national level, and to promote gender representation and inclusion in rural producers' organizations. The programme was implemented in Madagascar, Nepal, the Philippines and Senegal.
- In February 2012, IFAD held the fourth global meeting of the Farmers' Forum. Women accounted for almost 40 per cent of the 91 representatives of

farmers' organizations, exceeding the quota of 35 per cent established by women leaders at the previous session of the forum in 2010. Women are also well represented on the steering committee, accounting for five out of a total of nine members. Women's participation was also high in the special session on youth: nine of the 15 participants (60 per cent) were young women leaders.

Strategic objective 3: Achieve an equitable balance in workload and sharing of benefits

12. Many IFAD-supported projects enable women to access basic infrastructure, services and labour-saving technologies in order to reduce drudgery and to achieve a more equitable balance in workloads. Drudgery reduction is often the key to enabling women to become active stakeholders in project implementation. Interventions focused on water, household chores and agricultural implements give women more time to take up small-scale income-generating activities to augment household income. Household-based approaches are used to develop greater gender equality among household members, including the sharing of economic and social benefits.

Access to basic infrastructure and labour-saving technologies

- Under the village infrastructure development component of the Rural Income Diversification Project in Tuyen Quan Province, Viet Nam, women have benefited from the construction of clean water supply systems, which save them time collecting water from streams and pools; toilets (latrines); kindergartens; and simple facilities, such as drying yards, that have made their work easier.
- The construction of irrigation and domestic water infrastructure in Kenya under the Mount Kenya East Pilot Project for Natural Resource Management has yielded the double benefits of strengthening food security and livelihoods through irrigation and saving time through improved access to safe and clean drinking water. The level of sanitation and personal hygiene has also improved.
- In Yemen, the Al-Dhala Community Resource Management Project provided domestic water supplies to households, saving women in each household an estimated 300 hours of work annually. The time saved is used to attend literacy classes, join savings and credit groups, and participate in training in income-generating activities. The Pilot Community-based Rural Infrastructure Project for Highland Areas has constructed or rehabilitated access roads in some of the most remote highland areas in Yemen. An impact study of a 9 kilometre road serving six villages and 4,600 inhabitants found that, following the road's construction, the time women spent collecting water and firewood had dropped by 30 per cent because access to water and fuel from nearby towns had increased and transport costs had fallen by 50 per cent.
- Working with NGOs, the private sector and government science and technology departments, the India portfolio has supported many drudgery-reducing initiatives. These include hand pumps at community level, rice mills run by SHGs, solar lighting for households, glass panels inserted in tiled roofs in areas without electricity, lightweight plastic water pitchers (the sale and distribution of which many women SHGs have taken up as an economic activity), maize threshers and cutters that have been ergonomically designed for easy use by women, and smokeless stoves that reduce health risks and the need for fuelwood.

Access to basic services

- The West Noubaria Rural Development Project in Egypt has implemented a substantial training programme for women, covering topics ranging from adult literacy to nutrition and health. Childcare services, provided under the

project's community development component, have a great potential to release women's time from household-related duties. The project has also supported women in obtaining identity cards, thereby enhancing their social status and facilitating their access to government services, including medical tests for breast cancer detection and prevention.

Intra-household workload distribution

- The Tejaswini Rural Women's Empowerment Programme in India has conducted gender sensitization training for husbands of women SHG members. Topics include violence against women and the sharing of household responsibilities.
- The implementation of the GALS methodology and other household approaches generates important results in terms of improving relationships and collaboration among all family members. In turn, this results in a more equitable work balance in the home, a greater voice for women in household decision-making, a fairer share of economic benefits accruing to women and a noticeable reduction in domestic violence.

B. Results achieved in relation to the implementation plan

13. The gender policy is being implemented through five action areas. Action areas 1 to 3 relate to IFAD's core activities, while action areas 4 and 5 relate to the institutional structures and resources for policy delivery. This section reports on key activities and achievements in relation to the output indicators identified for each action area. Where relevant, reference is also made to IFAD's performance in relation to the indicators set out in United Nations system-wide action plan (known as the UN-SWAP), which was approved earlier in 2012 to implement the United Nations Chief Executives Board for Coordination policy on gender equality and women's empowerment.

Action area 1: IFAD-supported country programmes and projects

14. Specialist gender staff at headquarters, regional and national levels regularly provide technical support during design and implementation support missions to projects, both directly and indirectly. Indeed, some divisions, such as the LAC Division, have introduced a requirement that a gender expert participates in all design and supervision mission teams. Gender staff also participate in CPMTs and review all project design documents during the quality enhancement process in order to provide guidance for strengthening projects' gender equality and poverty targeting perspectives.
15. To develop the capacity of IFAD non-gender specialist staff to address gender equality and women's empowerment in agricultural and rural development, a gender training week was held in May. The first two-day modular training focused on the central role of addressing gender inequalities in order to meet the IFAD9 replenishment target – to enable 80 million rural people to move out of poverty. Targeting and gender issues and their implications for project design, implementation, support and scaling up were explored in relation to specific themes, including community development, value chain development, natural resources management, climate change, rural infrastructure and rural finance. The second two-day training focused on the practical aspects of targeting and gender in the IFAD project cycle, from design through implementation to monitoring and impact assessment. The two events attracted over 50 participants – of whom 75 per cent were women – and included staff from headquarters, the North America Liaison Office (NALO) (who participated via weblink) and FAO. From February 2012, an introduction to targeting and gender has been included as part of the staff induction programme.

Indicator 1.1: Increase in the proportion of loans and grants with gender-specific objectives supported by clear budget allocations

16. All project design reports are required to describe the target group and the gender context, and to outline strategies for strengthening beneficiary outreach among the poor and for promoting gender equality and women's empowerment as an integral part of project design. The development of a gender-specific indicator at project level with budget allocation – one of the requirements of the UN-SWAP – is not yet operational in project design. At present, although many projects support affirmative action for gender, only some have a specific budget to finance these activities.

Indicator 1.2: Improvement in gender ratings for loan and grant design

17. An external review for quality assurance is conducted prior to presenting a project to the Executive Board for approval. The quality assurance scoring system assesses project design from a number of perspectives, including the incorporation of gender and social inclusion issues. As shown in table 2, the incorporation of gender issues in project design has steadily improved since 2008. For the projects designed in 2012, 94 per cent were judged to be at least moderately satisfactory with regard to the way in which gender issues were addressed and mainstreamed into the design.

Table 2

Percentage of projects rated 4 or better at design for gender

<i>Indicator</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>RMF target 2012</i>
Gender equality and target population	82	85	92	95	94	No target

Source: Annual Report on Quality Assurance in IFAD's Projects and Programmes.

18. At present, the lack of gender-focused criteria in the review system for grants makes it difficult to assess the quality of grant design from a gender perspective. Out of 27 large grants (US\$1.5 million and above) submitted for review during July 2011-June 2012, only two had an explicit gender focus. The Broadening Economic Opportunities for Rural Women Entrepreneurs in the Latin America and the Caribbean Region Programme will establish a competitive grant fund targeting groups of women entrepreneurs so as to enable them to upgrade and expand their rural enterprises. The Programme for Scaling up Peoples' Biodiversity Management for Food Security will empower poor local communities and indigenous peoples in Peru, Viet Nam and Zimbabwe to mainstream their rights and develop their technical capacities on the sustainable use of plant genetic resources for food security, with specific attention to the role of women.

Action area 2: IFAD as a catalyst for advocacy, partnerships and knowledge management

19. Following its approval by the Executive Board in April 2012, the gender policy has been actively disseminated through meetings with regional divisions, the Environment and Climate Division (ECD) and the Communications Division (COM) and through a two-page policy brief. The study on IFAD gender and knowledge management, undertaken with the support of the Office of Strategy and Knowledge Management (SKM) during the preparation of the gender policy, is being used to guide the development and presentation of knowledge products.

Indicator 2.1: Increase in IFAD inputs on gender issues in international forums and publications

20. The most significant international event for gender was the 2012 session of the Commission on the Status of Women (CSW), held in New York in February-March, with its focus on rural women. For IFAD and the other two Rome-based United Nations agencies (FAO and WFP), this was the culmination of years of effort to promote the status of rural women at the global level. The CSW offered a unique

opportunity to galvanize forces in support of rural women, to reach broad policy support and to showcase achievements in IFAD-supported programmes. IFAD partners were included in many national delegations. The two-week session included a high-level round table, interactive dialogues and panels, and a large number of popular parallel side events. IFAD partnered with FAO, WFP and ILO for two side events (one on rural employment and the other on women's voice and cooperatives) and, together with the International Land Coalition, led in organizing a third event on land. IFAD representatives were also invited to be panellists at two additional side events organized by the Swedish International Development Cooperation Agency and the Government of Mongolia.

21. In November 2011, IFAD (the North America Liaison Office and the Policy and Technical Advisory Division – PTA), together with the Belgian Fund for Food Security Joint Programme, supported the Salzburg Global Seminar on “Transforming Agricultural Development and Production in Africa: Closing Gender Gaps and Empowering Rural Women in Policy and Practice”. During an extremely stimulating two days with 60 participants (78 per cent women) from 21 countries, high-level stakeholders examined persistent gaps in policy and practice, shared creative practice and successful innovations, and developed implementation strategies to fully integrate women into agricultural development processes. Primary emphasis was given to strategies to support rural women and agricultural development in sub-Saharan Africa.
22. As part of the 2012 Farmers’ Forum, a side event was held with women farmer leaders from different parts of the world, including some who had participated in the women’s leadership programme supported by supplementary funds from Norway. They shared their visions for the future gender and youth dimensions of family farming in 2020 and discussed the role that IFAD and other development agencies could play in supporting policy dialogue to ensure the legal framework is responsive to the needs of family farms; promoting gender-sensitive and youth inclusive farmers’ organizations; and strengthening opportunities for women and youth to engage in agriculture, including access to land.
23. At the Second Global AgriKnowledge Share Fair, hosted by IFAD in September 2011 and attracting over 700 participants, gender aspects of agricultural and rural development were addressed as topics in their own right, as well as a cross-cutting issue in several of the thematic areas.

Indicator 2.2: Inclusion in key IFAD policy documents and knowledge products of references to gender equality and empowerment of women

24. Commitments to building a gender perspective into the Fund’s business processes, policies – including human resource policies – and monitoring instruments were high on the agenda during the IFAD9 consultations. A series of operational, institutional and financial commitments were agreed to strengthen the Fund’s contribution to eradicating extreme poverty and hunger (MDG1) and to deepen its focus on gender equality and women’s empowerment.
25. Key operational commitments in the area of gender under IFAD9 include:
 - Strengthening analysis of gender equality and women’s empowerment issues in IFAD-funded operations for stronger and more even performance in this regard, and promoting expanded economic opportunities for rural women;
 - Enhancing indicators to measure impact and results in gender equality and women’s empowerment; and
 - Enhancing IFAD’s capacity to document and disseminate field experience on gender equality and women’s empowerment, and strengthen its advocacy efforts in this area.
26. Gender continues to be mainstreamed into operational thematic areas. The Private-Sector Strategy, approved in December 2011, recognizes that private markets

could bring new opportunities for smallholder producers but may also exclude marginalized groups such as poor rural women and ethnic minorities. IFAD – as facilitator and broker in value chain development – must help integrate women and ethnic minorities into supply chains to increase their incomes. Partnership with the ILO will also be developed to promote the Decent Work Agenda for wage earners in rural enterprises, especially women.

27. As a result of collaboration between the gender desk and ECD, the importance of taking into consideration gender-specific needs and interests in climate change adaptation has been highlighted in the new Adaptation Smallholder Agriculture Programme (ASAP). ASAP singles out women, together with indigenous peoples and pastoralists, as a special target category for support under multiple-benefit adaptation approaches to land management and rural development in smallholder farming communities.
28. Several of the IFAD regional e-newsletters have either a specific gender focus (for example, the East and Southern Africa – ESA – Division’s newsletter in October 2011), or discuss gender issues in the context of a specific thematic area, such as value chains and targeting (West and Central Africa – WCA – April 2012), young women (Near East, North Africa and Europe – NEN – December 2011), and livestock (Asia and the Pacific Division – APR). In addition, several APR occasional papers have a gender focus including Issue 13 (2011), “Women’s Empowerment and Microfinance – An Asian perspective study”. Gender-related articles feature regularly on IFAD’s social reporting blog site and in IFAD’s daily press clipping service.
29. Specific knowledge products include two videos produced to illustrate the role of legal empowerment for poor rural women and the benefits generated, drawing on the experience of a project in Burundi. The project, implemented under the Legal Empowerment of Women Programme (LEWI), supported by supplementary funds from Canada, sought to resolve some of community tensions associated with the aftermath of the civil war. Legal assistance was provided for women, girls and orphans for land conflicts and sexual violence, and para-jurists were trained in the legal basics. Another knowledge product also using LEWI funds is entitled “Trail Blazers: Lighting the way ahead” – presenting stories of women champions from IFAD-funded projects and was produced by the IFAD India Country Office.

Indicator 2.3: Increase in focus on gender issues in policy dialogue and scaling up

30. Several initiatives have been initiated to scale up innovative gender mainstreaming approaches among IFAD-funded projects, development partners and government institutions including policy dialogue, knowledge management and participation in design missions and international forums.
31. The IOE Issues Paper on Policy Dialogue, 2012, cited several gender-related examples where IFAD was able to draw on project experiences to influence a specific policy, introduce a new concept, or influence the design of government programmes. Examples included a national campaign for identify cards for rural women, the widespread use of women’s SHGs, and local advocacy to give equal rights to husbands and wives in tribal areas.
32. Other examples include:
 - The LEWI-supported “Technical support for legal reform and review of national policy strategies to advance rural women entrepreneurship” project in Liberia identified obstacles to rural women accessing land and other productive resources, prepared training materials, and built the capacities of authorities and communities to raise awareness and create the environment and conditions for change. In Senegal, the existing agricultural policy was reviewed and training was provided for the promotion of gender equality and equity in the national Economic and Social Policy 2011-2015.

- Following the experiences of the the Rural Income Diversification Project in Tuyen Quan Province in Viet Nam, gender mainstreaming has been introduced into many government departments in provinces that were not covered by the project.
- The use of GALS and similar approaches in IFAD-funded operations is critical for ensuring gender equality and social inclusion in value chain development projects. The dissemination of GALS and other household methodologies is being promoted through several different instruments, including a large grant for replication in Nigeria, Rwanda and Uganda; the organization of learning events, such as learning routes and international training workshops; the systematization and dissemination of the knowledge generated by women farmers involved in GALS. Following staff capacity-building, GALS has also been spontaneously adopted in IFAD-supported projects in Ghana and Sierra Leone.
- The grant-financed project, "Enhancing the gender-sensitive impact of remittances for rural development in Latin America and the Caribbean" is using innovative but proven asset-building self-help methodologies that have been developed in IFAD-funded projects in the Andean subregion to support women's rural enterprises in countries with high rates of migration. The approach promotes the inclusion of rural women in the formal financial system and enables a better flow of information between migrants and their families.

Indicator 2.4: Increase in joint initiatives on gender-related activities with other development agencies

33. At the instigation of Michelle Bachelet, Executive Director of UN Women, the United Nations Entity for Gender Equality and the Empowerment of Women, the three Rome-based agencies and UN Women have developed a Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women in the context of sustainable development and the post MDGs +15. The goal of this five-year programme – which will be implemented in seven countries – is to economically empower rural women by: improving their food and nutrition security; increasing their access to and control over productive resources, services and income; reducing their workloads; and strengthening their participation and leadership in local governance and rural producers' organizations. To date, a Rome-based workshop and several coordination meetings have been held to advance the design of the programme and to identify opportunities for implementation, building on agency complementarity.
34. IFAD hosted an event to mark International Women's Day on 8 March on behalf of the three Rome-based agencies. The event highlighted the many obstacles faced by young women and adolescent girls in rural areas – as well as their great potential to become powerful agents of change. Participants and audience members included heads of agencies, senior management and staff from IFAD, FAO and WFP, together with ambassadors and members of the network of women permanent representatives to the Rome-based agencies. Academicians and representatives of NGOs and civil society organizations also attended.
35. IFAD has continued to be an active member of the United Nations Inter-Agency Network on Women and Gender Equality, the OECD Development Assistance Committee (DAC) Network on Gender Equality (GENDERNET), and the multilateral development banks' Gender Working Group. Preparations for the Commission on the Status of Women included the formation of an Inter-agency Task Force on Rural Women, comprising 14 United Nations entities, which held an expert meeting in Ghana in September 2011, prepared agency profiles and compiled case studies of success stories. The fact sheet on the status of rural women launched at CSW found that, globally and with a few exceptions, rural women fare worse than rural men,

and urban women and men, against every MDG indicator for which data are available.

36. During the Rome International Model United Nations week held in March, IFAD organized an afternoon event with the other Rome-based agencies to demonstrate to over 200 international undergraduate and graduate students the importance of gender mainstreaming and women's empowerment in defeating hunger.
37. IFAD is an active participant in inter-agency regional initiatives, such as gender and capacity-building in ESA and the gender and livestock network, both initiated by FAO. The three Rome-based agencies are working together with the Government of Kenya on a "Joint Initiative on Disaster Risk Reduction and Resilience Building in the Arid and Semi-Arid Lands of Kenya", which will also address issues of gender inequity.

Action area 3: Capacity-building of implementing partners and government institutions

38. In-country capacity-building is vital for strengthening the enabling institutional environment for promoting gender equality and women's empowerment, as well as for successful project implementation. Initiatives in 2011-12 included:
 - A workshop on gender and social empowerment in agriculture and rural livelihoods, organized by the gender and knowledge management officer from the India Country Office together with PTA, attended by 19 staff (55 per cent women) from the M. S. Swaminathan Research Foundation in India;
 - A South-South learning route on gender mainstreaming and rural organizations, organized in El Salvador and Guatemala by the LAC Division in collaboration with the Corporation for Regional Rural Development Training PROCASUR) in November 2011, which attracted 15 participants (67 per cent women) from eight countries in the LAC region;
 - An information event on the new gender policy during the annual regional workshop for the ESA region organized by the IFAD regional gender coordinator;
 - Support provided by the Rural Finance Support Programme in Mozambique to the National Directorate of Women's Affairs in training provincial and district gender staff in gender mainstreaming and monitoring microfinance programmes, in order to empower them to support project implementation at their respective levels; and
 - The development of a gender mainstreaming action plan framework for IFAD-funded projects in the NEN region in 2011-2015 and a training package.

Indicator 3.1: Improvement in gender ratings for loan and grant portfolio at completion

39. IFAD measures results in relation to gender equality and women's empowerment at the output level. This involves assessing how much attention was given to gender issues during project implementation, whether a project was specifically designed to address the needs of women, and whether the project contributed to improving the situation of women in general. As shown in table 3, there has been a steady improvement in project performance with regard to gender. This has been achieved largely as a result in a decrease in the number of negative ratings coupled with an increase in the number of projects assessed as average, but with little increase in highly satisfactory performance. Over time, it would be interesting to track the relationship between the gender scores at entry (quality assurance) and at project completion.

Table 3
Percentage of projects rated 4 (moderately satisfactory) or better at completion for gender

<i>Indicator</i>	<i>2006-08</i>	<i>RMF baseline 2008-09</i>	<i>RIDE 2010</i>	<i>RIDE 2011</i>	<i>RIDE 2012</i>	<i>RMF target 2012</i>
Gender equality	67	76	88	90	91	80

Source: Project/programme completion report scores for projects completed during the year under review.

40. In the 2011 Annual Report on Results and Impact of IFAD's Operations, IOE introduced a new criterion on gender equality and women's empowerment, to be applied in all evaluations undertaken. Of the 41 projects evaluated in 2010, 90 per cent were rated as at least moderately satisfactory. There was therefore no disconnect between the IOE and project/programme completion report with regard to the ratings on gender.

Indicator 3.2: Increase in the number and quality of initiatives to support gender equality and women's empowerment undertaken by government institutions

41. The methodology and baseline data for this indicator will be established during the coming year.

Action area 4: Gender and diversity balance in IFAD

42. The IFAD9 Replenishment committed to equip IFAD with instruments and resources to promote gender competence and gender equality in its human resources management policies and to work towards gender balance and equitable geographical distribution in its staffing. IFAD's Code of Conduct presents most of the key elements required for a diversity-supportive culture. Further efforts will be made to integrate them fully into daily work and human resources procedures as IFAD's ongoing Change and Reform Agenda evolves. The studies on IFAD's gender architecture and gender and diversity, undertaken during the preparation of the gender policy and supported by supplementary funds from Canada and Finland respectively, are being used to guide developments in this area.

Indicator 4.1: Increase in number of women at grade P-5 or above employed by IFAD

43. Despite a conscious effort to recruit women and to encourage applications from women candidates, this is not resulting in a significant change in the sex composition of staff. As of 1 August 2012, IFAD employed a total of 613 staff,¹ comprising 334 Professional staff and 279 General Service staff. The composition by sex changes dramatically by grade: women accounted for 81 per cent of General Service staff in 2012; 65 per cent of P-1 – P-3, 32 per cent of P-4, 27 per cent of P-5, 33 per cent of directors and 20 per cent of senior management (see table 4 and figure 1). Overall, women account for 30 per cent of staff at grade P-5 or above. There is a similar distribution with regard to IFAD field staff paid through other United Nations agencies: women account for 69 per cent of General Service staff and 21 per cent of national Professional officers.

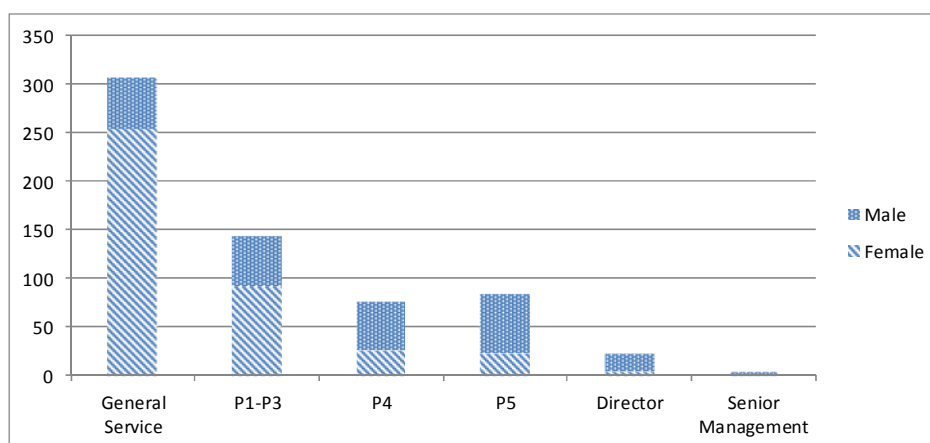
¹ The data refer to IFAD including hosted entities (the Global Mechanism of the United Nations Convention to Combat Desertification, the International Land Coalition, and the United Nations Secretary-General's High-Level Task Force on the Global Food Security Crisis).

Table 4
Composition of staff

<i>Indicator</i>	<i>Baseline 2008</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>RIDE (2011)</i>	<i>RIDE (2012)</i>	<i>RMF target (2012)</i>
Percentage of women in P-5 posts and above	30	31	30	28	30	35
Percentage of women in P-4 posts and above	31	33	31	31	30	50 ^a (UN-SWAP)
Percentage of women in General Service staff positions	81	81	80	83	81	50 ^a (UN-SWAP)
Percentage of workforce from Lists B and C Member States	33	33	36	40	39	Tracked

^a Indicators for the UN-SWAP performance assessment.

Figure 1
Number of staff by category and sex



44. Although the number of women employed at grade P-5 or above has increased gradually over the years, from 19 in 2003 to 31 in 2012, their percentage of the total employed has remained at around 30 per cent. With reference to the UN-SWAP targets of 50 per cent, IFAD exceeds the target on gender equality for General Service staff (at 81 per cent) but lags behind for P-4 and above (30 per cent).
45. The number of staff from List B and C countries has remained broadly stable at 39 per cent in 2012; the distribution of staff from these countries is gender-equitable.

Indicator 4.2: Improvement in scores on gender-related staff survey questions by both women and men

46. The biannual Global Staff Survey presents sex-disaggregated data across a wide range of variables. In 2010, 365 staff completed the survey, of whom 51 per cent were Professional staff and 63 per cent were women. Overall, 70 per cent were satisfied with their work at IFAD and 77 per cent gained a sense of personal satisfaction from their work. However, there was a reduction in pride associated with working with IFAD from 81 per cent in 2008 to 68 per cent in 2010; there were no significant differences between women and men in these responses. The annual staff engagement index showed a slight improvement in 2011 (table 5).

Table 5
Work/life balance

<i>Indicator</i>	<i>Baseline 2008</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>RIDE (2011)</i>	<i>RIDE (2012)</i>	<i>RMF target (2012)</i>
Staff engagement index ^a	70	68	69	71	Not available	75

^a This index reports on an annual staff survey based on a subset of six indicators from the Global Staff Survey.

47. However, there were differences in perceptions about work/life balance. Among the men, 71 per cent felt that their director supported an appropriate work/life balance, compared with only 59 per cent of the women. In contrast, only 37 per cent of the men felt that their job allowed them to take care of family and personal responsibilities as they would like, compared with 48 per cent of the women. Nevertheless, almost 90 per cent of both women and men felt that their supervisor would support them if they had special needs in their family or personal life.
48. Overall, 77 per cent of respondents felt that they were treated with respect at work, but there were marked gender differences in perceptions about treatment and career opportunities. Among the women, only 35 per cent felt that there were equal career opportunities (compared with 57 per cent of men); 39 per cent felt that they received equal treatment (compared with 60 per cent of men); and 45 per cent felt that IFAD specifically encouraged the advancement of women (compared with 74 per cent of men).
49. Overall, perceptions for career advancement in IFAD were generally low (only 19 per cent thought career prospects were good). The responses regarding opportunities for developing competencies (48 per cent in agreement), accessing and receiving training (45 per cent and 53 per cent respectively), and learning opportunities (77 per cent) did not differ much between women and men.
50. Over 80 per cent of respondents felt that they were encouraged to respect cultural differences in their division. However, during the last three years, 15 per cent of women had experienced biased or prejudicial treatment at work on the basis of race, sex, religion or language (compared with only 8 per cent of men) and 23 per cent of staff had observed verbal abuse. The majority of men (71 per cent) would feel more comfortable reporting on a situation of discrimination or harassment than they had witnessed in their division than women (54 per cent).

Action area 5: Resources, monitoring and professional accountability

51. The Operations Management Committee (OMC) has been identified as the relevant reporting mechanism for gender-related activities in IFAD. The OMC, chaired by the Vice-President and comprising department heads and directors, meets weekly. Key matters discussed are reported at the Executive Management Committee, which is chaired by the President and comprises the Vice-President and department heads, and also meets weekly. The gender report and IFAD's progress on the UN-SWAP will be submitted to the OMC, following discussions with members of the Thematic Group on Gender (TG-G).

Indicator 5.1: Increase in human and financial resources from IFAD's core budget invested to support gender equality and women's empowerment

52. The dedicated gender staffing at IFAD headquarters has been maintained during 2011-12, comprising two Professional staff members (P-5 and P-4) and one General Service staff member. Two divisions have deployed outposted full-time regional gender coordinators (WCA in Dakar and ESA in Nairobi) and their presence has considerably increased the ability to provide specialist gender expertise on design and implementation support missions, as well as enhancing the gender focus across their regional portfolios. In addition, some country offices with large portfolios (such as India and the Philippines) as well as programmes and projects have full-time gender experts. However, there are indications that the impending budget restraints will impact on dedicated gender staff, at least at country level.
53. At present, the gender focal points (GFPs) for the regional divisions at headquarters are: (i) APR Division, portfolio adviser; (ii) LAC Division, CPM; (iii) NEN Division, knowledge management officer; and (iv) WCA Division, regional economist. GFPs for the other divisions are: SKM, senior researcher; ECD, senior technical adviser; and COM, web, knowledge management and social media manager. Together they represent four P-5s, one P-4 and two P-3s. All except one are women. These staff

perform gender-related activities in addition to their full-time jobs. There are also GFPs at country office, programme and project level who perform these duties in addition to their regular work.

54. The Thematic Group on Gender continues to be an important resource augmenting the activities of the gender staff and GFPs. The membership of over 70 staff (77 per cent are women), drawn from 20 divisions, reflects the widespread interest in gender at IFAD. Approximately one third of members attended some of the seven TG-G/Policy Reference Group² meetings held during the year. Topics addressed included inputs into the development of the gender policy and implementation plan, an introduction to the UN-SWAP and its implications for the gender policy, discussion of priority areas of work for 2012, the sharing of tools and practices among divisions, and periodic updates on the implementation of the gender policy. Special discussions were held with the consultant on the gender architecture, the two regional gender coordinators from ESA and WCA, and the consultant on household approaches. Human Resources Division (HRD) staff met TG-G members to discuss how the IFAD recruitment process could be made more gender-friendly.

Indicator 5.2: Increase in the number of substantive references to gender issues in agricultural and rural development by IFAD Management in public forums and the media

55. The relevance of gender equality and women's empowerment for agricultural development is a topic that continues to be high on IFAD's agenda, thereby mobilizing the commitment of senior management. During the year, IFAD hosted two key public gender-related events at which the President of IFAD spoke: International Women's Day on 8 March 2012 (noted above) and Rural Women's Day in October 2011. To celebrate the latter, Michelle Bachelet, Executive Director of UN Women, and the President addressed a well-attended town hall meeting.
56. During the period July 2011-June 2012, the President delivered 30 speeches, three of which focused specifically on women (the eighty-fourth meeting of the Development Committee in Washington, D.C., 2011; Rural Women's Day 2011; and International Women's Day 2012). Overall, about one third of his speeches referred to aspects of gender that were relevant to the topic under discussion, a continuing testimony to IFAD being awarded the torch for MDG3 ("to promote gender equality and empower women") by Denmark in 2009.
57. There was also a strong gender focus during the 35th session of IFAD's Governing Council. The Italian Prime Minister Mario Monti, Rwandan President Paul Kagame and the IFAD President Kanayo Nwanze all delivered inspiring speeches reaffirming their commitment to smallholder farmers, especially women and young people.

5.3 Increase in score in annual review of IFAD's performance on gender equality and women's empowerment

58. IFAD has actively supported the development, approval and rollout of the UN-SWAP. In March 2012, IFAD hosted a technical workshop with the Rome-based agencies and UN Women to discuss the structure of the UN-SWAP and how it will be used and monitored, and to share experiences on how the agencies are responding to it in the context of their gender policies. The event was attended by Executive Board members, IFAD partners and staff from the three Rome-based agencies. In April, IFAD voiced its support of the UN-SWAP at the High-level Committee on Management, prior to the plan's approval by the United Nations System Chief Executives Board.
59. All United Nations entities are expected to report on the UN-SWAP in 2013 in order to establish the baseline for the SWAP performance indicators. The overall goal is that individual United Nations system agencies will meet or exceed the

² The Policy Reference Group on gender, comprising 39 members (85 per cent women) representing 14 divisions, was created in 2011 specifically for the purpose of supporting the preparation of the gender policy.

requirements in all UN-SWAP performance indicators by 2017. During the preparation of the gender policy, many of the activities and deliverables were established to be broadly in line with the UN-SWAP requirements. An initial self-assessment of IFAD's performance against the 15 indicators demonstrates that there are several areas in which the Fund is meeting or already exceeding the SWAP requirements, including: the existence of a gender policy; the commitment to gender equality in key strategic planning documents; gender mainstreaming in the monitoring, evaluation and reporting systems; inclusion of a gender dimension in the programme/project review process; a favourable organizational culture towards gender equality; the documentation and dissemination of knowledge on gender equality and women's empowerment; and regular participation in inter-agency coordination mechanisms on gender equality and the empowerment of women.

60. However, there are a few key areas in which IFAD falls short at present, in particular: the composition and time allocation of GFPs to gender-related activities; the tracking of financial resources allocated to gender-related activities within the organization; the specific allocation of financial resources to support gender equality and women's empowerment; and ongoing mandatory training for staff. These will be addressed during the coming year.

C. Outlook for 2012-13

61. Building on an active year in 2011-12, highlights for 2012-13 will include:
- Launch and early implementation of a joint programme on women's economic empowerment with the Rome-based agencies and UN Women;
 - Capacity-building through regional and subregional gender learning and sharing events;
 - The development of products from the Policy and Technical Advisory Division on promoting gender equality and social inclusion through household approaches, SHGs and producers' organizations, and value chain development;
 - Skills development of IFAD, government and NGO staff on GALS and other household approaches through learning routes in Rwanda and Uganda, a workshop in West Africa, and follow-up actions at the field level;
 - Continued strengthening of staff skills through the development of an IFAD targeting and gender toolkit for project design and implementation support, and e-learning materials;
 - Development of a corporate e-learning module on gender and diversity; and
 - Enhancing the collection and interpretation of sex-disaggregated data at the outcome and impact levels, and developing and adapting indicators of women's empowerment.

Implementation of the Istanbul Programme of Action for Least Developed Countries: IFAD's approach

A. Background

1. Article 7 of the Agreement Establishing IFAD called upon the organization to focus on the "needs of the low income countries and their potential for increasing food production". This agreement provides the legal framework that conceptually aligns IFAD's mandate to address the challenges faced by "the poorest, weakest and most vulnerable countries", i.e. the least developed countries (LDCs), land-locked developing countries (LLDCs) and small island developing states (SIDS). LDCs, LLDCs and SIDS naturally fall into IFAD's core target constituency. Although LDCs are not an operational category for IFAD, or for most IFIs, they have received a significant proportion of IFAD financing to developing countries.

Table 1
Development indicators for LDCs

	Total population (millions)	Population growth rate, (per cent)	Population living below US\$1.25 (PPP) ^a per day, per cent, 1992/2008	GDP per capita, United States dollars (millions)
Global	6974.0	1.1	26	8021
Developing countries	5733.7	1.3	27	2539
Least developed countries	851.1	2.2	54	568

^a Purchasing power parity.

2. LDCs are typified by low per capita income, low levels of human development, and economic and structural limitations to growth that affect their resilience to vulnerabilities. They are "low-income countries suffering from the most severe structural impediments to sustainable development".¹ Table 1 shows that, at 2.2 per cent, population growth in LDCs far surpasses growth in developing countries (1.3 per cent) and globally (1.1 per cent). The percentage of LDC population living in extreme poverty (or below US\$1.25 a day) is nearly double developing country rates (2.2 per cent versus 1.3 per cent) and exactly double global rates. LDCs generally experience low economic growth and low levels of productivity, as also indicated in table 1.
3. IFAD has a solid institutional framework providing guidance for support to low-income countries, most of which are LDCs. This includes its Strategic Framework 2011-2015, its environment and natural resources management policy (2011), a paper on IFAD's role in fragile states (2008), and its Policy on Crisis Prevention and Recovery (2006).

Table 2
IFAD allocations 2003 -2012 (approved project financing)

	Approved projects (2003-2012)
Total programme (including LDCs)	12 879.8
LDCs	6 320.7
Percentage IFAD allocation to LDCs	49%

¹ Definition formulated by the United Nations Committee for Development Policy.

4. IFAD allocates resources solely through its performance-based allocation system (PBAS), within which poverty is a major determinant of allocation size. Since the PBAS was introduced in 2003, IFAD has allocated close to 49 per cent of its programme to LDCs (table 2). Because IFAD's financing terms are fully determined by per capita income, LDCs receive financing on softer financing terms for projects and programmes (table 3 below). These include: DSF grants; highly concessional (HC) loans and DSF grants; and HC loans. The bulk of resources – 87 per cent – channelled to LDCs are on highly concessional terms.

Table 3
Current IFAD financing terms for LDCs

<i>Current financing terms</i>	<i>United States dollars (billions)</i>	<i>Number of loans and grants</i>
DSF grants	0.338	33
HC loans/DSF grants	0.443	36
HC loans	4.470	433
Intermediate loans	0.019	2
Total	5. 120	504

5. IFAD has also emerged as one of the major multilateral creditors of the Heavily Indebted Poor Countries (HIPC) Debt Initiative. Of the 23 creditors, IFAD is now ranked seventh – after the World Bank, the International Monetary Fund, the African Development Bank, the Inter-American Development Bank, the Central American Bank for Economic Integration, and the European Union – and fifth in terms of participation in debt relief for African participants in the Initiative.

B. Istanbul Programme of Action for Least Developed Countries

6. The Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 (IPoA) was adopted by the Fourth United Nations Conference on the Least Developed Countries in Istanbul, Turkey, on 13 May 2011. The IPoA aims to overcome the structural challenges faced by LDCs in order to eradicate poverty, achieve internationally agreed development goals and enable graduation from the least developed country category. Its objective is to improve the living conditions of more than 880 million people in 48 LDCs. The IPoA provides the framework for a strong global partnership to accelerate economic growth and sustainable development in LDCs for the next decade, with a heightened focus on developing their productive capacities.
7. The IPoA identifies eight priority areas for action: (i) productive capacity; (ii) agriculture, food security and rural development; (iii) trade; (iv) commodities; (v) human and social development; (vi) multiple crises and other emerging challenges; (vii) mobilizing financial resources for development and capacity-building; and (viii) good governance at all levels. A specific goal of the IPoA is to enable half of the LDCs to meet the criteria for graduation by 2020.
8. Paragraph 153 of the IPoA invites United Nations funds and programmes and other multilateral organizations to contribute to the implementation of the IPoA and to integrate it into their work programmes, as appropriate and in accordance with their respective mandates. In February 2012, IFAD's Governing Council endorsed the mainstreaming of the IPoA into the Fund's programme of work, with annual reporting on progress by the IFAD secretariat.
9. On 5-6 November 2011, the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) convened, in Geneva, Switzerland, the sixth session of the Inter-Agency Consultative Group on implementation of the IPoA. The session included: (i) a briefing by organizations on their efforts to integrate the IPoA into their work programmes and to secure its implementation; (ii) presentations of and discussions on the terms of reference of the task force and

the various working groups being established to ensure coordination, coherence and effectiveness in IPoA implementation; and (iii) work on indicators to monitor, follow up and review the IPoA.

C. Rome-based agencies' working group for implementation of the Istanbul Programme of Action

10. During the Inter-Agency Consultative Group's sixth session, Rome-based agencies noted the inadequate treatment of the agriculture sector in the indicators provided, which was particularly problematic given that agriculture is the main economic activity of poor rural people in LDCs. At their urging, the Working Group on Agriculture, Food Security and Nutrition, and Rural Development was set up, with a mandate to help monitor IPoA implementation under this cluster.
11. The working group comprises UN-OHRLLS and the Rome-based agencies – IFAD, WFP and FAO – with the possibility of participation by other relevant agencies with field presence in LDCs such as the World Trade Organization. The goal of the working group is to articulate a development approach that is specifically relevant to LDCs and their efforts to reduce hunger and malnutrition and increase the incomes of poor people in a sustainable manner.
12. With regard to the IPoA, the working group will undertake the following activities:
 - Review the commitments made by the IPoA as they relate to agriculture, food security and nutrition (FSN) and rural development and how they relate to current development challenges faced by LDCs. This will entail identifying possible measures, best practices and lessons learned to address current agriculture, FSN and rural development challenges in LDCs;
 - Conduct a mapping exercise of the existing work/initiatives carried out by the Rome-based agencies in LDCs to address issues relating to agriculture, FSN and rural development, while building synergies with other relevant mapping exercises, such as the one undertaken by CFS, to ensure cost-efficiency and avert duplication of work;
 - Raise awareness and knowledge on current agriculture, FSN and rural development challenges in LDCs, in both inter-agency and broader international development processes;
 - Explore the possibility of developing multistakeholder partnerships, and joint initiatives, particularly among Rome-based agencies, to accelerate the implementation of the IPoA;
 - Promote South-South cooperation initiatives in LDCs; and
 - Contribute to the monitoring of the IPoA commitments in the area of FSN, and in this context promote the use of already existing data collection tools and indicators in order to avoid duplication and minimize costs.
13. In addition, it is planned that the working group will support:
 - Regular updates on current and emerging agriculture, FSN and rural development challenges in LDCs, provided through established inter-agency coordination frameworks and processes;
 - Knowledge- and information-sharing on identified solutions, lessons learned and best practices to address agriculture, FSN and rural development challenges in LDCs;
 - Qualitative and quantitative data on agriculture, FSN and rural development in LDCs;
 - Establishment and strengthening of multistakeholder partnerships;
 - Annual updates on Rome-based agencies' activities in LDCs; and

- Increased awareness on current agriculture, FSN and rural development challenges in LDCs and the IPoA for LDCs in broader international development processes.

D. Agricultural indicators in least developed countries

14. The IPoA was endorsed by LDC heads of state and government and accepted as a vision for the restoration of agricultural growth, food security, and rural development. One IPoA provision is for effective and complementary follow-up and monitoring mechanisms at national, regional and global levels. A set of indicators was proposed to measure progress in implementation by LDCs and their development partners of their respective commitments, thereby promoting mutual accountability. The main criteria for selection of indicators are the reliability of data, comparability across time and countries, and ease in collection and interpretation. It is envisaged that the indicators will enable LDCs and their development partners to identify shortcomings in their ongoing policies and interventions, and conceive and implement well-informed corrective measures and actions. The IPoA Road Map identified 125 distinct indicators for 39 goals and targets out of the 46 that emerge from the IPoA's eight priority areas for actions. The selected indicators are both quantitative and qualitative in nature. The selection of the proposed indicators was underpinned by (i) reliance on well-established indicators and (ii) special attention to the indicators that form the basis of the criteria used to determine the eligibility of countries to the LDC category and their graduation from this least developed status.
15. The Rome-based agencies were requested to propose indicators for the areas of agriculture, FSN and rural development to complement the proposed list. WFP proposed a household food consumption score; FAO, the prevalence of undernourishment (or food insecurity) in LDCs; and IFAD, considering the institutions' coverage of developing countries and pre-existing data from FAO, IFPRI and the International Monetary Fund (IMF), proposed helping to monitor the indicator for public spending to agriculture in LDCs. The focus of the exercise will be to identify achievements, constraints and challenges for further implementation with regard to agriculture and rural development in LDCs. A joint Rome-based agencies' report will review progress achieved in the above thematic cluster based on major commitments, goals and targets set out in the IPoA, taking into consideration the MDGs and the sustainable development agenda
16. IFAD proposal to monitor public spending to agriculture in LDCs builds on the Fund's expertise in this area. IFAD recognizes that spending on agriculture is mainly financed through domestic sources of finance (and that government spending in these countries is larger than official development assistance and foreign direct investment, and, furthermore, is increasing). Through its Statistics and Studies for Development Division – and in partnership with FAO, IFPRI, the IMF, government institutions and others – IFAD will lead on the work of developing a system to monitor trends of government expenditures and their composition in LDCs. The objective will be to analyse trends in the magnitude, share and composition of public spending on the agriculture sector over time.

Annual Report on Quality Assurance in IFAD's Projects and Programmes

I. Executive Summary

1. In 2012, 35 Quality Assurance (QA) reviews were conducted for 34 projects (one project was reviewed twice), representing total project costs of \$1.9 billion and total IFAD investment of \$984 million. Overall, activities financed by the reviewed projects aim to support more than 2.5 million beneficiary households in 33 countries.
2. Results from the 2012 QA review process point to improved performance in the quality-at-entry of IFAD projects; this year 60% of projects were cleared by the QA with little or no changes. Overall RMF indicators improved considerably, with at least 90% of projects judged to be satisfactory across all four RMF categories, thereby meeting the corporate IFAD8 commitments regarding project quality-at-entry. Such results are noteworthy given that during IFAD8, IFAD financing and co-financing levels increased on average, by 50% and 70% respectively.
3. These improved results stem largely from the convergence of several efforts focused on improving IFAD's project design cycle – the Quality Enhancement process (QE), Direct Project Supervision, and the Quality Assurance review (QA). Set in motion some five years ago, these processes are now sufficiently mature to be mutually complementary. Supporting these efforts has also been PMD's consistent response to numerous QA recommendations which have been made at the strategic, process, technical, and project levels since 2008.
4. These results notwithstanding, scope for improvements in IFAD's project designs remain. A disconnect between the high proportion of projects scoring well against RMF ratings and a lower proportion of projects judged likely to achieve development objectives belies the fact that the Fund's improved designs alone may not lead to better outcomes in the field. New QA ratings, focused on the issue of project "complexity," reveal areas of weakness in implementation capacity, readiness and alignment within the respective host country context. Moreover, several themes in overall design weakness continue to persist, including in the areas of: targeting, economic and financial analysis, implementation arrangements, logical frameworks, project financing, and monitoring and evaluation.
5. As a whole, these results suggest that while IFAD's project quality has improved over the last five years, more must now be done to graduate designs from strong overall preparation to improved readiness for implementation. At the corporate level, in 2012, reforms were approved for streamlining the QE process, which, together with a pending proposal to restructure the QA process, are designed to address the need for earlier vetting of strategic and technical considerations from the project concept stage through supervision. These efforts are expected to yield further improvements in projects' quality-at-entry and better implementation results during supervision over the near-term.
6. At the portfolio level, a statistical analysis of quality-at-entry and supervision data was undertaken in an attempt to test known trends and discover new relationships. This exercise uncovered several preliminary findings: the weak power of RMF ratings to predict likelihood of project success; a weak (but statistically significant) association between region and likely development outcomes; some possible areas for further exploration with respect to poor design/implementation and component type; and affirmation of 2011's finding that increases in the level of financing, co-financing and the associated higher number of beneficiary households supported by IFAD have no significant correlation, at the portfolio, level to the quality-at-entry of IFAD's project designs.

7. Based on these findings, over the course of 2013 the QA Secretariat will continue its efforts to improve the QA process across several dimensions, including: piloting a new database system, undertaking field visits to its enhance knowledge management efforts; revising the ratings system and further diversifying the pool of QA reviewers.

II. Overview of the QA Process

8. The QA function and process took effect as of 2 January 2008 with three main objectives:
 - (a) Clearing designed projects for loan negotiations and submission to the Executive Board, with special emphasis on the appropriateness of project design vis-à-vis IFAD's policies and guidelines;
 - (b) Determining the rating for results indicators under IFAD's corporate RMF at entry; and
 - (c) Assessing the quality enhancement (QE) process.

In addition, the QA reviews recommend measures that could help enhance the likelihood of achieving the projects' development objectives.

9. QA review sessions take place three times a year (February, June and October), with each session spanning approximately two weeks; stand-alone QA reviews are also scheduled on an ad hoc basis. QA sessions are chaired by the Chief Development Strategist¹, unless circumstances require an alternate arrangement. The findings of the QA review process are reported in an Annual Report which is submitted to the December session of the Executive Board in the same year the project reviews were conducted.
10. In 2012, 12 external reviewers participated in the process. All external reviewers were formerly senior managers in various international development institutions and generally have between 20 and 40 years of experience designing and implementing projects in developing countries. Apart from their project and sub-sector expertise, some reviewers were recruited on the basis of their experience working in specific host regions and their language abilities, as many project documents are in French and Spanish as well as English.
11. Over the course of 2012, several strategic actions were undertaken to strengthen IFAD's Quality Assurance process:
 - **Reorganization.** In July 2012, the QA Secretariat was transferred to the Strategy and Knowledge Management Department, headed by IFAD's Chief Development Strategist. Under this new structure, the QA Secretariat is supervised by the Head of the Quality Assurance and Grants unit and Quality Assurance Review meetings are chaired by the Chief Development Strategist.
 - **Revised QA Process.** During 2012, the QA Secretariat developed a proposal to revise the QA process in response to the recent reform of the Quality Enhancement process. Chief among the aims of the proposal is to ensure that greater attention would be given to strategic issues earlier in the project design process. Following IFAD management's decision regarding the proposal, modifications to the QA process may be piloted during 2013.
 - **QA Knowledge Management system.** During 2012, the QA Secretariat launched the development of the new Quality Assurance Archiving system (QUASAR), which will lay the foundation for improved knowledge management while simultaneously creating efficiency gains in administering the work of the

¹ Responsibility for overseeing IFAD's Quality Assurance function was assigned to the Chief Development Strategist per a memo from the President dated February 1, 2012.

Secretariat. Phase I of the system's development will be completed in 2012, with Phase II tentatively planned for 2013.

12. Over the course of 2013, the QA Secretariat will make several further adjustments to its process and activities:
 - **Follow-up on QA recommendations.** To date, the QA Secretariat has undertaken these activities by ensuring CPM compliance with approved QA recommendations and monitoring their responses (See section V for more information). In 2013, modifications may be made to this process, including: shifting the CPM's milestone for reporting on QA to a later point in the implementation stage; QA observation of project supervision for select projects; seeking to integrate the QA recommendation compliance system into other IFAD systems.
 - **Quality-at-entry data.** The QA Secretariat will seek to supplement the RMF indicators agreed to as part of the IFAD9 replenishment process with additional measures of design quality and implementation readiness (see paragraph 30 for an example of how this was undertaken in 2012) in order to develop a richer and more telling set of data with which to monitor project quality.

III. Overall quality assurance results in 2012

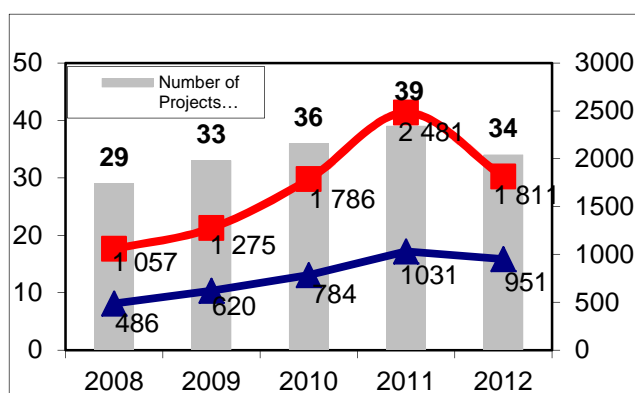
Context of the Quality Assurance Reviews

13. In 2012, 35 QA reviews were held for 34 projects² in 33 countries. Regionally, projects from the two sub-Saharan African divisions collectively represented 31% of the reviews, followed by Asia and Pacific Region (APR) at 29%, Near East, North Africa and Europe (NEN) at 23% and Latin America and the Caribbean at 17%.
14. The projects reviewed in 2012 were designed during the last year of the IFAD8 replenishment period, a challenging moment for IFAD where an expansionary push (led by the availability of more funds for country programme envelopes, increased co-financing resources, and the scaling-up initiative) had to be reconciled with constraints on the Fund's operating budget, which affected all aspects of design and implementation – from project preparation to supervision.
15. In response, many of the 2012 projects were generally larger, often covering an entire region, or even the entire country, where increased investment amounts could be absorbed but incremental preparation and supervisory costs were reduced (as it costs more to develop and supervise two projects than it does to develop or supervise one larger project).

² In 2012, one project was reviewed twice. All tables and graphs in the report which present QA results (RMF ratings, Project Categories, and likelihood of achieving development objectives) include two sets of data for this project.

Figure 1

Projects Reviewed by QA, Total Project Costs, and Total IFAD Financing (US\$ m)



16. While too early to know if this represents a new operating model for the Fund the potential implications for the quality of project designs remain considerable. Can larger projects, with more activities spread out over larger geographic areas still meet the needs of the poor? Can these projects be adequately designed, managed and supervised? Can truly productive and sustainable uses for significantly more investment in IFAD's target areas be identified?
17. These and many other questions which are both strategic and technical in nature were posed this year by the QA Secretariat in various project reviews. Findings emerging from the project reviews and the analysis at the portfolio level, as presented below, suggest that to date IFAD is managing to expand its lending volume and change the overall profile of its interventions while maintaining and improving the overall quality-at-entry of its project designs.
18. This notwithstanding, the experience from 2012 and 2011 suggests that as the Fund continues to expand the size and scope of its operations, several broad areas of project design require closer attention. These areas include: the clear articulation of the objectives and economic benefits associated with project activities, the capacity of partner institutions to properly execute and monitor the project, rural finance arrangements, and striking the ideal alignment between project activities and project implementation capabilities.

Quality-at-Entry results

19. A summary of the 2012 QA reviews is provided in Table 1.

Table 1: QA review results: 2008 – 2012

<i>Final project categories</i>	2008	2009	2010	2011 ^a	2012 ^a
Number of project reviews (number)	29	33	36	40	35
(1) Project judged ready to proceed with minor changes (percentage)	30	30	42	38	60
(2) Projects judged ready to proceed subject to additional assurances during loan negotiations and/or further modifications/reviews during implementation (percentage)	60	67	58	60	37
(3) Projects requiring substantive changes entailing delay in presentation to Executive Board (percentage)	10	0	0	3	3
(4) Projects dropped from the lending programme (percentage)	0	3	0	0	0

^aIncludes two sets of data for two projects that were reviewed twice - one in 2011 and the other in 2012.

Note: Values may not total to 100% due to rounding.

20. The cumulative results since 2008 suggest an improvement in the quality of project designs submitted for QA review; in 2012, 60% of projects were cleared by the QA for Board presentation with little or no changes, representing a 100% increase – in percentage terms – since 2008. In addition, the number of projects cleared for presentation to the Board subject to significant additional modifications fell to 37%, the lowest level to date (and a 40% decline from its peak in 2009).
21. By and large, these broad measures indicate that considerable progress in IFAD's overall quality of design – or "maturity" – has been realized during the five years the QA has been operating. Additional factors contributing to these improvements are described in greater detail in paragraphs 25 and Section V.

Quality-at-entry ratings

22. As part of the QA process, reviewers assess each project using four RMF indicators and their subcomponents³. The ratings are produced to complement reviewers' qualitative assessments and to add an element of quantifiable and comparable metrics to the QA process. Summary ratings for each category are presented in Table 2.

Table 2
Average Quality-at-entry Ratings and % of Projects with Satisfactory or Better Overall Ratingsⁱ

RMF ratings	Description	Average rating					Percentage of projects with Satisfactory or better ratings					2012 Target
		2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	
RMF 1	Effectiveness of thematic areas	4.5	4.6	4.6	4.5	4.7	87	94	97	93	97	90
RMF 2	Projected impact on poverty measures	4.6	4.6	4.7	4.5	4.7	87	88	97	95	100	90
RMF 2D	Gender equity and target population	4.6	4.5	4.7	4.6	4.6	82	85	92	95	94	-
RMF 3	Innovation, learning and scaling up	4.4	4.2	4.1	4.2	4.5	83	79	78	85	94	90
RMF 4	Sustainability of benefits	4.4	4.4	4.3	4.2	4.3	80	85	72	83	94	90
Average		4.5	4.4	4.4	4.4	4.6						

ⁱ Quality-at-entry ratings are based on a scale of 1-6, where 1 is highly unsatisfactory and 6 is highly satisfactory. The percentage indicates the number of projects receiving a rating of 4 or better out of the total number of projects.

Note: 2011 and 2012 data includes two sets of RMF ratings for two projects – one that was reviewed in 2011 and the other in 2012.

23. The average Quality-at-Entry ratings for 2008-2012, which are presented in Table 2, show relatively little change since the programme's inception. Across the four RMF categories, relatively modest variation in each year is present, although in 2012, more significant increases in the mean scores for Innovation, learning and scaling up and the Average RMF rating were observed⁴. Nevertheless, attempting to extrapolate meaningful insights from such minor fluctuations in annual values would overestimate the degree of precision associated with the RMF rating system.

³ In 2010 one sub-indicator – RMF 2D "Gender Equality and Target Population" – was also incorporated into the RMF reporting system, in response to the Fund's commitment to act as a "torch carrier" for the achievement of MDG 3. RMF 2D was not a component of the original IFAD8 commitment regarding quality-at-entry RMF indicators..

⁴ In some cases, these average ratings may be different from than those presented in the main text of the RIDE, as the QA Annual Report traditionally reports quality-at-entry data collected on a calendar year basis (from January through December of any given year), whereas the 2012 RIDE presents the quality-at-entry RMF data on a one-year or two-year rolling basis which begins in July and ends in June (i.e. July 2011 - 2012 or July 2010 - June 2012).

24. More useful insights, however, can be garnered from considering the percentage of projects that received satisfactory or better RMF ratings by category, rather than the mean RMF scores themselves. From this perspective, a trend emerges from Table 2 indicating that IFAD projects have increasingly focused on improving aspects of design which the RMFs attempt to measure – effectiveness in key thematic areas, projected impact on poverty (through better targeting), increased attention to learning and “scaling up” and greater focus on the sustainability of project activities. In 2012, more than 90% of all projects reviewed by the QA received satisfactory ratings in each of the four RMF categories, thereby meeting the corporate targets on project Quality-at-Entry made during the IFAD8 consultation process.
25. Several factors have likely converged to contribute to this overall improvement in design quality over the last five years. First, IFAD’s Quality Enhancement process was rolled out during this period and assisted CPMs to produce more mature projects in 2011 and 2012, as judged by higher mean Overall Quality Enhancement ratings⁵. Second, the launch of IFAD’s own direct project supervision activities in 2007 and the ensuing portfolio review mechanism has created a learning feed-back loop into the project design process. As a result, mean RMF scores for “learning” from previous design successes and weaknesses were 30% higher in 2012 than in 2009. Third, QA reviewers have demanded higher standards for numerous aspects of project design related to sustainability, effectiveness and strategic relevance; these calls from external reviewers for improvements in key aspects of project design and project preparation have been answered by IFAD’s Programme Management Department through a range of efforts (see Section V for more details).

Development Outcomes

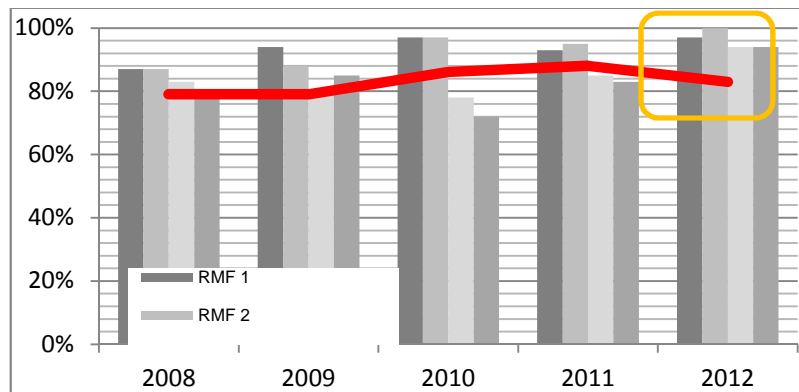
26. Despite these favorable indications of improved quality-at-entry of project designs at IFAD, to date the results of preliminary statistical analyses suggest that the IFAD8 quality-at-entry RMF ratings themselves may not be very useful as predictors of success during implementation (See section VI for more details).
27. While no decisively strong *ex ante* predictor currently exists, to date, the best overall predictor for future project outcomes may be the QA’s Likelihood of Achieving Development Objectives (LADO) indicator⁶. LADO has consistent statistically significant levels of association with several key supervision indicators (although the strength of the associations are moderate at best) and has predicted all project cancelations (2) since 2008.
28. In 2012 QA reviewers judged that 83% of projects were likely to achieve their development objectives. These *ex ante* ratings are similar to the approximately 75% of projects which have been deemed to perform satisfactory in IFAD *ex post* reviews of effectiveness in the 2011 Annual Report on Results and Impact of IFAD Operations
29. This consistency notwithstanding, it remains surprising that the percentage of projects with satisfactory LADO ratings has not increased over time in line with the RMF increases. This trend (depicted in Figure 2) suggests that other factors, apart

⁵ IFAD’s PTA Department produced Quality Enhancement ratings were produced for all of the projects undergoing QA review from 2008-2011 and for 85% of the projects reviewed during 2012. An indicator graded on a scale from 1 – 6, the rating was developed as a rudimentary metric for capturing the overall maturity of a project design at the stage of the QE review process in quantitative terms. From 2008 to 2012, the mean QE rating increased from 3.9 to 4.4

⁶ *Ex ante* assessments of whether projects are likely to achieve their stated development objectives make it possible to channel additional attention and resources to projects found to be especially risky. To this end, highly experienced QA reviewers provide their best assessment of the likelihood of each project meeting its development objectives based on a number of overall judgments, including the design of the project’s components, the strength of implementing partners, and the project’s alignment with the host country context (including policy, technical, institutional capacity).

from those captured by the RMF indicators, shape reviewers' judgment regarding a project's chance for success.

Figure 2: Satisfactory RMFs vs. Satisfactory LADO^a



^a Includes two sets of data for one project that was reviewed twice during 2011.

30. Going forward, the QA Secretariat will collect, report on and begin to analyze three new indicators related to project complexity which were piloted during 2012. These new indicators (overall quality of design, alignment with host country context and overall implementability of design) were strongly correlated⁷ with the QA's likelihood to achieve development outcomes indicator during 2012 (albeit with a limited data set of only one year's worth of observations) and, if this relationship persists overtime such data may prove useful when trying to generalize and distill lessons from projects which score well with respect to the broad RMF indicators themselves but are nonetheless judged by reviewers to be less likely to achieve their development objectives.

Effectiveness of the Quality Enhancement process

31. In 2012, QA reviewers noted the following regarding IFAD's QE process:
- (a) **Revised QE process.** The QA Secretariat welcomed the proposal in 2012 for a revised QE process in which more emphasis (and resources) would be placed on providing technical inputs and advice throughout the project design and implementation cycle with less emphasis placed on a single quality enhancement review meeting. Following the pilot phase of the new QE process, it will be important to evaluate how the new elements of the process (PTA Advisers as full-fledged project team members and the increased importance of the CPMT) add-value to the overall design process. As noted in paragraph 11, the QA Secretariat has developed its own proposal for a revised QA process to ensure that perennial issues in project design (such as issues related to complexity, strategic focus, and sustainability) are discussed as early as possible (project concept note stage).
 - (b) **QE compliance.** In previous years, QA reviewers noted that recommendations made by the QE panel were not often sufficiently incorporated into the final design before the project is submitted to QA for review. In response to this concern, this year, the QA Secretariat developed new ratings for scoring the degree to which QE recommendations were taken onboard. In 2012, the mean rating was 4.8, indicating more than satisfactory average compliance. Despite this good result, the presence of a few extreme cases (where entire recommendations were ignored outright) suggest that a more institutionalized method for ensuring compliance with QE recommendations *before* submission for QA review might still be warranted.

⁷ The following indicators "Overall Quality of Design", "Host country context alignment", and "Implementability rating" had Chi Square statistics which were significant at the 0.01 level or lower and had Cramer's V symmetric measures of 0.504, 0.681, and 0.598 respectively.

This issue should be flagged and considered as part of the assessment of the pilot of the revised QE process.

- (c) **Strategic elements.** At times during 2012 and 2011, QA reviewers encountered strategic and technical issues that, for a variety of reasons, did not receive adequate attention at the QE stage. Given this experience, it is recommended to consider the QE's effectiveness in identifying and resolving strategic issues before the QA review as part of the assessment of the pilot. Moreover, the degree to which QA issues flagged at project inception are addressed during project design (and the QE review) will also be monitored by the QA Secretariat beginning in 2013.
- (d) **Time between QE and QA reviews.** In 2012 and 2011, the average number of working days between a given QE review and the subsequent QA stood at approximately 85 days. Between 2009 and 2012, the average fell by some 22%, cutting one month (22 working days) from total project design time. While this trend – coupled with improved RMF results for 2012 and satisfactory overall QE compliance ratings -- could suggest an efficiency gain, rather than a sacrifice of quality, it remains too early to tell what the full implications of this shortened project preparation schedule are. As the new QE processes continue to be piloted, this expedited design schedule and the notion of an appropriate amount of design time should be monitored and evaluated.

IV. Design aspects with scope for improvement

32. Table 3 presents the percentage of projects registering the most common recommendations from QA reviewers during 2012 and earlier years. It should be noted that the data below highlight the frequency with which recommendations were made, but they do not give any indication of the relative extent of the weakness in each theme. Consequently, interpretation of the meaning of these data must be done with care.

Table 3: Top 10 Recommendations (% of projects)

Theme	2012	2011	2008-2012
Logframe	60%	35%	31%
Economic Analysis	46%	43%	29%
Targeting	37%	18%	34%
Implementation Arrangements	34%	45%	47%
Project Document	34%	10%	20%
Financing	31%	23%	19%
M&E	20%	38%	36%
Sustainability	20%	25%	14%
Knowledge Management	17%	15%	13%
Complexity	14%	20%	21%

Note: The table includes two sets of recommendations for projects that were reviewed twice during 2011 and 2012

33. A large number of the issues presented above are persistent in nature; indeed, some have appeared in QA Annual Reports consistently since 2008. As first explained in the 2011 QA Annual Report, some of the issues are systemic – relating to the nature of IFAD's mandate, the kinds of activities the Fund supports and the regions where the Fund operates. Recommendations in these areas (such as implementation arrangements complexity, use of subsidies, and capacity building) are endemic to many IFAD operations and cannot be resolved quickly. Rather, these areas of design must be strengthened through heightened awareness as well as a better use of design tools (Logframe, Economic Analysis, GAC frameworks, M&E systems and Risk identification and mitigation measures).

A. Technical aspects of project design

34. The following specific recommendations related to project design were identified in multiple projects in 2012; an asterisk next to the topic indicates a recurring issue.
35. **Logical Framework***. Considerable improvements with respect to the design and use of log frames have been made but, in the judgement of QA reviewers, they still remain too complicated. Moreover, some QA reviewers questioned project teams' apparent reluctance to incorporate numerical values into the log frame during the design phase. Some "quick wins" in this regard can be achieved by clearly simplifying and separating the output and outcome indicators in an attempt to define exactly what each outcome is expected to be. Since several outputs could be tied to one outcome indicator, this could reduce the total number of indicators, making the monitoring effort more streamlined, focused and efficient.
36. **Economic and financial analysis***. Although some improvements were noted in 2012, economic and financial analysis (EFA) is still weak in IFAD projects. It is expected that more improvements will surface in 2013 as newly developed guidelines on the use of EFA take effect. In general, QA reviewers asserted that including a brief statement outlining the basic assumptions made in carrying out the analysis (e.g. cropped area, cropping intensity, yields, production costs, farm gate prices based on import parity, etc) would clarify the analysis and also provide a much needed logical link between the ERR and the indicators being used in the log frame and the risk analysis. At several points in 2012 the issue of the "appropriateness" of various levels of project costs per beneficiary was also debated, with PTA agreeing to develop a study on the topic.
37. **Targeting**. Project design documents frequently contain statements about activities specifically designed to assist the target group (very poor household, women, young people, minorities, etc.) but in several cases in 2012 the justification for the targets (number of project beneficiaries to be assisted) associated with project components were not clearly defined or well-articulated.
38. **Implementation arrangements***. Unlike many other multilateral lending institutions, IFAD relies heavily on service providers (either NGOs, other international organizations, or from the private sector) to implement projects. . Indeed, in 2012, one project had no less than ten agencies involved in project implementation. While this approach has generally resulted in sound implementation, risks will always persist, as the government (and IFAD) will not always have the ability to closely monitor and influence the manner in which the service provider discharges his responsibilities. Project teams must therefore make their best efforts to consider what is practical and what is feasible. If the government wants to include a large number of components and service providers, then an effort must be made to engage the government to see if there is another way the implementing arrangements can be structured.
39. **Monitoring and evaluation***. Consistently and accurately capturing key project outputs and outcomes – and then translating that data into useful insights for managing and design current and future projects – is an area where IFAD intends to focus more effort over the near term. Many governments continue to question the utility of M&E systems and view it as something imposed by external donors that is of limited usefulness for implementing agencies. To convince governments and project authorities of the utility of M&E systems, IFAD projects need to strike a proper balance between the desire to obtain detailed information on project outputs, outcomes and impact and the capacity of local institutions to collect and analyze the necessary data. This calls for greater consideration of the appropriate number of indicators and their relevance as a management tool.
40. **Project complexity***. An on-going issue for IFAD, given its mandate is striking the best balance between ever larger projects, on the one hand, and the wish to continue to innovate and to operate in remote areas where support is being

extended to poor communities, on the other hand. While some projects in 2012 focused on building upon pre-existing components with a proven track record of success in country, others were overly ambitious in the number of activities undertaken. When the very limited resources of a small country – or the geographic scope of a large country – are added to this mix, the result can be a high probability of failure. In some cases, phasing of activities can help, but it is not – and will never be – a panacea for overly complex designs.

41. **Sustainability***. In considering the sustainability of projects, IFAD's reviewers judge the likelihood of project's activities continuing to operate effectively after IFAD's role (financing, implementation, and supervision) has been concluded. In most cases, the QA reviewers did not dispute the short-term benefits to accrue from these activities by the target communities, rather their concerns focused on how the project design would ensure that benefits continue to accrue over the medium and long-terms.
42. **Project document**. In 2012, QA reviewers generally reacted much more favorably to the presentational aspects of IFAD's proposed designs. Nevertheless, the continued practice by some CPMs of using working papers coupled with other admittedly lesser or "one-off" concerns (related to lack of clarification on specific topics, weak articulation of previous project experiences, omission of key information) led this broad category to continue to be flagged in 2012.

B. Strategic issues

43. Projects reviewed in 2012 contained a number of broader, more policy-oriented issues that deserve further management attention.
44. **RIMS**. As per IFAD's operational guidelines, a range of RIMS indicators (e.g. reduced child malnutrition) must be included in to the logframe to measure project outcomes. In 2012, as in previous years, QA reviewers questioned the extent to which these indicators can be attributed to project activities and how best the data could be used. Specific issues encountered this year included: First, in the absence of a control group (counterfactual) the RIMS indicators are unable to provide meaningful indication of progress at the project area compared with other parts of the country (PMD's current review of the use of counterfactuals in this regard should be helpful). Second, despite the existence of fairly detailed guidelines, uncertainties persist regarding the target group to be covered by RIMS indicators at the goal level. Third, although baseline surveys for goal level RIMS could be prepared at a modest cost relatively quickly, the tendency is to put this off to the implementation phase. The practice of using relevant and current regional or national statistics in lieu of primary data collection to provide an adequate basis for these indicators should continue to be encouraged in project design.
45. **Seed production**. A number of IFAD funded projects are attempting to solve the complex issue of production and marketing of high quality seed. Even though most are trying to work through the private sector, the analysis of competitiveness with imports, the number of firms that can be supported by the market, and the capacity of government to ensure quality, are not receiving adequate attention. In this regard, PTA has committed to conduct a study of the experience of IFAD and other IFIs in this area with a view to generating samples of good practice.
46. **Role of the private sector**. A commendable effort is being made to elicit engagement from the private sector but too often this is done through matching grants (i.e. subsidies) without any attempt to justify them. This distorts, among others, the incentive-structure, the market integrity and sustainability. Greater attention is required to the analysis of constraints to private sector participation and incentives short of grants to attract them to participate in project activities.
47. **Start-up phase financing***. There remains a general agreement that more needs to be done in order to help projects commence operations as soon as possible.

Several ideas merit further consideration; specifically, the QA Secretariat proposes that IFAD explore the following ideas in greater detail during 2013: leveraging co-financing partners' pre-financing capabilities, deploying country grants – when possible – to support early project start-up activities, revisiting a trust fund-based approach for project design, and studying the pre-financing model used by other IFIs to understand their benefits, limitations and possible applicability to IFAD loans.

48. **Knowledge management.** In several cases during 2012, QA reviewers cited projects as being best practice examples of project design and requested that follow-up work be undertaken to study the conclusions or to disseminate their findings more broadly throughout IFAD. Conversely, QA reviewers found some cases were not enough had been done to consider IFAD's current project experience on the ground and to make the case for proposed project activities/approaches (admittedly, however, the general consensus among reviewers in 2012 is that projects designers are increasingly paying more attention to leveraging learning from previous projects when designing subsequent interventions).
49. **Scaling-up.** It is essential that any "scaling-up" effort be grounded in evidence that the programs to be scaled-up to achieve their objectives. In 2012, a number of projects were described as "scaling-up" operations, but, for a variety of reasons, some of these showed little evidence that the proto-type models being built upon had achieved their objectives. Scaling-up projects should: (i) identify clearly the models/interventions to be scaled-up; (ii) provide evidence which demonstrates that tested interventions/models are effective and efficient (reference to satisfactory supervision report is not sufficient as supervision reports generally assess program implementation progress rather than potential outcomes); (iii) identify the scale at which the program presently works and the scale dimensions to be achieved; (iv) clearly lay out how the larger scale will be achieved, by identifying for example the institutional, policy, fiscal and financial requirements (scaling-up spaces) which need to be developed in order to reach the larger scale.
50. **Youth engagement.** Several projects during 2012 had components which specifically targeted rural youth as beneficiaries of specific components or activities. While reviewers generally agreed that this demographic of beneficiary fit well with IFAD's overall mandate, questions were raised during the QA process by IFAD's Chief Development Strategist and others about IFAD's experience, comparative advantage and policies when seeking specifically to improve the lives of young people through project designs. In 2012, PMD committed to developing a study which will identify best practices in this area.

C. Summary

51. The following table summarizes the areas of design weakness highlighted above along with remedial measures proposed by the QA Secretariat or others.

Table 4: Areas of weakness in project design identified by the QA in 2012 with recommendations for improvement

Theme	Actions
Seeds study	Review of best practices and common pitfalls in the area of seeds production and distribution agreed (by PMD).
Project unit costs	Guidance note on norms, meaning and usefulness of considering per beneficiary/per household project costs agreed (by PMD).
Youth	Examine best practices to inform IFAD's corporate approach to area of its work; agreed (by PMD).
Review of RIMS	Review of the use of the RIMS indicators and methodology suggested by QA (also suggested in 2012).

V. Follow-up on QA recommendations

52. Since 2008, QA Reviewers and the QA Secretariat have made a series of recommendations at the strategic, technical, process and project level with the aim of improving the “implementability” and the likelihood of success for IFAD operations. To date, the Project Management Department (PMD) has been very responsive to these recommendations, and improvements in quality-at-entry data over the last five years suggests this response is now paying dividends.
53. The following section offers a brief review of overall response to the QA’s recommendations over the last five years.

Strategic

54. **Support for non-agricultural components.** In 2009 and again in 2011, the QA Secretariat requested that internal guidance be developed defining the boundaries of how and when IFAD could support off-farm project activities. In January 2012, the Strategy and Knowledge Management Department – in conjunction with PMD prepared an analysis of the flexibility and constraints embodied in IFAD’s Strategic Framework 2011-2015 and submitted a presentation on the topic as a point of reference both for senior management (Vice President, Associate Vice President and the Chief Development Strategist) and CPMs.
55. **Scaling-up.** In December 2009, PMD committed to defining the term “scaling- up” (beyond mere replication), identifying specific staff and outside consultants to outline an appropriate strategy for IFAD. In October 2012, the latest findings of the study and its implications for IFAD projects were presented to IFAD staff, with further work for integrating the findings into the design process expected in 2013.
56. **Disaster response.** In 2010, the QA recommended that IFAD develop guidelines for designing projects which are intended to be implemented in post-disaster environments, given the complex issues associated with such operations. In May 2011, new guidelines, which operationalized and consolidated previous efforts in this area, were presented for information to the Executive Board.
57. **Private sector engagement.** In 2008, 2009 and 2011, the QA recommended that IFAD develop a framework for considering how and when to partner and engage with the private sector in order to define the Fund’s approach to designing private-public partnerships. In 2011, the Fund’s strategy for Private Sector Engagement was developed and finalized. At this time it is too early to assess the efficacy of the strategy.

Design Process

58. **Project Documentation.** In 2009, PMD committed to reviewing and revising IFAD’s Project Design Report (PDR), with the aim of including all relevant information for implementation and shortening the documentation. In the summer of 2011, the new PDR Template was officially launched and all new projects designs began using the document exclusively as of January 2012. PMD’s consistent use of the template and the reduced (if not completely eliminated) reliance on working papers had led to a generally better articulated project design, with strong rationales and presentation of the components to be undertaken. Consequently IFAD’s PDRs are increasingly better “roadmaps” to be used as a basis for negotiation with the government, project implementation, and eventual ex-post assessment.
59. **QE review of co-financed projects.** In 2009, the QA requested that guidance be developed on the degree to which co-financed projects should be evaluated in IFAD’s internal Quality Enhancement process. At the end of 2009 and the beginning of 2010, PTA developed and presented a proposal for handling such cases to PDMT, CPM Forum, and at a QA-QE Seminar where it was agreed that the main financier’s report could be submitted along with additional brief documentation on IFAD specificities. This clarified approach improved IFAD’s ability to co-finance projects

with donors without its internal review requirements unduly slowing down or otherwise impeding project processing.

60. **QE process reform.** In 2010 and 2011, QA Annual Reports and Wrap-up Notes noted the need for great PTA involvement earlier and throughout the project design process. In the spring of 2012, in conjunction with the results of an Internal Audit Report and a study commissioned by the Internal Office of Evaluation, a new QE Reform process was proposed, with a nine month pilot period set to conclude in 2013. While the official reform only took effect in mid-2012, the results of the broader trend of greater inclusion of QE advisers in project preparation activities was noted by the QA in 2011 and 2012 in several projects involving livestock, rural finance and infrastructure where PTA advisers had been closely involved in resolving project design difficulties both at headquarters and in the field
61. **Direct Supervision Training.** In 2009, the QA recommended that IFAD should provide supervision training to assist CPMs who were charged with directly managing the supervision of their project portfolios. In 2010, PMD launched a new Direct Supervision training course for IFAD CPMs and other staff to teach basic approaches and methodologies used in supervision activities. From the project design perspective, the results from ensuring a common baseline understanding of how to undertake project supervision are manifold and include: better country knowledge and project information incorporated into project design; greater awareness of best-practice (and common pitfalls) encountered by donors and partners operating in the same host country; greater sharing of supervision experiences (and failures) which can shape and inform approaches used in designing specific project components; and greater institutional capacity for responding to implementation challenges.

Technical

62. **Logical Framework Revision.** Since 2008, QA reviewers have repeatedly requested that IFAD should systematically review and revise its approach to preparing and using Logical Frameworks. In 2011, PMD launched a new LogFrame Template and guidance for CPMs in order to clarify the instrument's uses, explain the basic structure, and simplify the presentation of information. In 2012, QA reviewers noted considerable improvement in the use and preparation of Logical Frameworks. Although still a frequent theme raised by the QA (see Table 4), the substance of the recommendations has started to shift from fundamental concerns about the Fund's inconsistent use of the tool to more pedestrian project-specific concerns about the indicator selection, wording, and target setting.
63. **Economic and Financial Analysis.** In response to multiple QA recommendations from 2009, 2010 and 2011, PTA and QA co-sponsored a workshop on Economic and Financial Analysis held in October 2011 and members of both QE and QA teams presented the findings to IFAD staff. In early 2012, an internal working group was formed to discuss aspects of enhancing IFAD's use of economic and financial analysis and in September 2012, new internal guidelines were officially launched, with subsequent training modules slated for development over the near term.
64. **Subsidies.** In 2011, PMD committed to developing specific IFAD policy statements on best practices in the use of subsidies in the agricultural sector, which would be informed by a report which IFAD contributed to entitled, "Subsidies as an instrument in agriculture finance: A Review." In 2012, PTA released its new Matching Grants policy, which was co-developed with FAO, and outlined the main tenets of the document in a staff seminar in October 2012.
65. **Rural infrastructure.** In July 2011, PMD committed to reviewing, consolidating and finalizing IFAD's internal guidance material related to aspects of rural infrastructure in project design. As of Fall 2012, Learning Notes on several infrastructure-related topics (such as local participation; procurement; institutional, partnership, and empowerment considerations; contract management and

supervision) had been revised and expanded. Moreover, two reference documents (knowledge brokerage products) on operation and maintenance and project implementation considerations were prepared during 2012.

66. **Equity Funds.** Following a 2011 QA recommendation for IFAD to undertake a more in-depth assessment of the advisability and utility of supporting government owned equity funds specifically focused on rural sector development, PTA and the QA Secretariat co-sponsored a workshop in June 2012 which included equity fund participants from the public, private and NGO spaces to discuss best practices as well as nuts-and-bolts elements of equity financing. A learning note from the event was drafted in August 2012 and is now in the process of being finalized.

Project-level Recommendations

67. In addition to the broader institutional-level recommendations listed above, a number of project specific recommendations are prepared by QA reviewers in agreement with the CPMs during each project review process. The QA Secretariat then requires that all projects report, one year after the first disbursement, on the extent to which QA recommendations have been incorporated into project design. This measure, aimed at ensuring that QA recommendations are given sufficient attention during implementation, was proposed in 2009 and was fully mainstreamed into all QA reviews in 2010.
68. During 2011 and 2012, the QA Secretariat received and reviewed some 40 progress notes from projects currently being implemented and supervised by IFAD⁸. To date all of the notes received have been reviewed and, where needed, requests for additional clarification have been issued. In an initial assessment, the following broad observations were found:
- (a) Project implementation timelines for many of the reviewed projects (more than 60%) were significantly delayed due to problems during implementation. Often these were related to the following obstacles:
 - (i) Staffing problems (lack of project team in place at start-up, weak local capacity, frequent turnover)
 - (ii) Top-down decisions affecting key project characteristics (changes in lead agencies, changes in subsidy policies, changes in aid priorities of partners)
 - (iii) Problems with tenders and procurement (dramatic increases in prices, limited availability of local providers)
 - (iv) Political turmoil (legislative delays, institutional competition, post-conflict environment, civil unrest in project area)

This experience confirms the QA's repeated finding that implementation arrangements are one of the key areas of weakness in IFAD design and suggests that more must be done earlier in the project preparation process (through pre-financing, leveraging existing PMU arrangements and incorporating learning from previous in-country project implementation experience) to mitigate the likelihood of delays during implementation.

- (b) "Quick win" recommendations that are more often (and perhaps easily) incorporated into the project design during implementation include: introducing GAC frameworks, revising logframes, and revising approaches to capacity building and targeting.

⁸ This represents 80% of all projects currently required to provide progress reports to the QA. Given the considerable lag time between project approval and effectiveness and as well as the one year period following the first disbursement, reporting, compliance with this QA requirement can vary greatly from project to project.

- (c) Potential threats from natural disasters which have affected project implementation (e.g. typhoons, droughts, floods) have not been consistently raised or flagged by QA reviewers, suggesting that additional attention to risk management approaches in project design may be warranted.
- (d) The two projects that were ultimately canceled from the lending were judged by the QA review as "Not Likely to Achieve their Development Objectives"

VI. Portfolio Analysis

69. Since 2008, IFAD's Quality Assurance function has reviewed 171 projects, generating a number of recommendations and quality-at-entry data for each project. This section briefly presents the main findings of the 2012 update to the annual statistical analysis undertaken as part of the QA Annual Report exercise to explore potential relationships between quality at entry, supervision and external data sets. The goal is to identify potential drivers of project quality-at-entry which may not be evident in any single year, but are nonetheless prevalent at the portfolio level⁹ through statistical and data analysis.

Conclusions of Portfolio Analysis

70. **Analysis of increased project activity and quality-at-entry indicators:** As in 2011, the statistical evidence suggests that increases in the level of financing, co-financing and the number of beneficiary households supported by IFAD have no significant correlation at the portfolio level to the quality-at-entry of IFAD's project designs, as measured by the QA's RMF ratings¹⁰. This finding supports the 2012 annual finding that overall project quality has not fallen during IFAD's continued period of expansion.
71. **Regional level:** Weakening but still significant associations between the likelihood of achieving development objectives and regional affiliation suggest that this trend may have been more pronounced during the QA's inaugural years. This notwithstanding, at the portfolio level, projects located in the APR region remain less likely to achieve their development objectives (as judged by QA reviewers) and projects in the Latin America and Caribbean region remain more likely to achieve their development objectives (as judged by QA reviewers)¹¹. At the supervision stage, using a data set of only 92 projects, there is no statistically significant relationship between regional affiliation and the likelihood to achieve development objectives (as judged by CPMs)¹².
72. **Sectoral level:** Some new – and very rough – data suggest that support for certain sectors within the rural space may be associated with poorer quality at entry or encounter greater difficulties during implementation. At the overall portfolio level, the data set is too limited and the results too weak to currently merit further discussion. Nevertheless, when categorizing the projects into those which primarily support only one sector or activity and those that have a more mixed composition of design elements, the association between sectoral affiliation and project performance approaches becoming statistically significant (and stronger)¹³, suggesting that projects providing solely (or primarily) Credit and Financial Services, Infrastructure, and Training and Capacity interventions may be more likely to have unsatisfactory "likely to achieve development objectives" ratings during

⁹ The data presented in this section reflects the best efforts of the QA Secretariat to integrate several internal and external data sources into one dataset for the sake of improved analysis. For the year 2012, these data should be considered indicative only.

¹⁰ The analysis exercise found no variable pair with significance at 0.05 or 0.01 level (two tailed test) which had a Spearman's Rho correlation coefficient with an absolute value higher than 0.21.

¹¹ The Chi Square statistic is significant at the 0.01 level and has a Cramer's V symmetric value of 0.27.

¹² The Chi Square statistic is "only" significant at the 0.397 level for a two-sided asymptotic test.

¹³ The Chi Square statistic is significant at the 0.09 level using a two tailed asymptotic test and has a Cramer's V symmetric value of .501. The significance level does not meet the standard required for academic publications (which is 0.05 or 0.01), but will be monitored in future years to see if additions to the stock of IFAD's QA data further exposes any statistically significant relationship.

implementation. At present there are too few observations per category to make a more definitive associative statement.

73. **Reviewer analysis:** All of the most frequent issues flagged by the QA review in 2012 are systemic in nature (they affect many IFAD projects), and have no association at the regional level. Several recommendations are associated with specific sectors which are more prevalent in certain regions. Some recommendations are moderately associated with specific reviewers, but overall the association is not very strong and the recommendations are infrequently encountered¹⁴. There is no compelling statistical evidence to suggest that predictions related to likelihood to achieve development objectives are associated with particular reviewers¹⁵.
74. **Predictive power of quality-at-entry data:** The RMF indicators remain useful in showing how much attention project designs have given to a particular topic at the design stage, but they have not yet proven themselves as consistent predictors of outcome during implementation¹⁶. The QA's Likelihood of Achieving Development Objectives (LADO) indicator remains a better tool in this regard, although it, too, is not yet robust enough to be used for more accurate forecasting analysis¹⁷. Over the course of 2013, the QA Secretariat will make refinements to its data collection methodology and will also carry out qualitative assessments in order to shed more light on when and why QA predictions succeed and fail, so that future predictions can be more aligned to IFAD's implementation experience, and therefore more useful in *ex ante* assessments of project quality.

¹⁴ Recommendation areas that are associated with specific reviewers are not very common and include: Environmental issues; Risk mitigation; Scaling-up and Value Chains.

¹⁵ The Chi Square statistic is significant at the 0.232 level using a two tailed asymptotic test.

¹⁶ Only RMF1 and RMF2 had statistically significant associations (at the 0.05 or 0.01 levels using a two-tail test) with expectations during supervision regarding the likelihood of achieving development objectives. Cramer's V symmetric measures for the two indicators were 0.273 and 0.201 respectively. However, neither indicator was significantly associated (at the 0.05 or 0.01 levels using a two-tail test) with the other supervisory indicators that could be considered proxies for summarizing overall project success such as: "Overall Implementation Progress", "Exit strategy readiness and quality", "Acceptable Disbursement Rate", "Potential of Scaling-up and Replication", or the Project-at-Risk indicator. Moreover, neither indicator is a consistent predictor of project cancellation.

¹⁷ The Chi Square statistic for the variable pair "QA: Likely to achieve development objectives" rating and "IFAD Supervision: Overall Implementation Progress" is significant at the 0.004 level using a two tailed asymptotic test and has a Cramer's V Symmetric value of 0.3. The Chi Square statistic for the variable pair "QA: Likely to achieve development objectives" rating and "IFAD Supervision: Likely to Achieve Development Objective" is significant at the 0.013 level using a two tailed asymptotic test and has a Cramer's V Symmetric value of 0.257. Moreover, the QA's LADO indicator has significant statistical associations with a several other supervision indicators including "Overall Implementation Progress", "Exit strategy readiness and quality", "Acceptable Disbursement Rate", "Potential of Scaling-up and Replication", or the Project-at-Risk indicator. LADO has accurately predicted both projects which were reviewed by the QA and subsequently cancelled during 2008-2012.