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Investing in rural people

Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS)

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For: Information

Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS)

I. Background

1. The current global crisis of forced displacement is the worst since World War II. It currently affects over 65 million people worldwide, and a total population of concern in the Near East and North Africa region of about 22.2 million people.
2. The scale of the crisis in this region, where it most acutely affects communities in Iraq, the Syrian Arab Republic, Yemen, and their neighbouring countries, is unprecedented. It has created severe humanitarian and development challenges and threatens further destabilization as host communities struggle to absorb displaced peoples. Jordan is currently host to about 1.4 million Syrians, who now comprise over 20 per cent of the total population. Of these, only 20 per cent live in the main refugee camps, and, though precise rural figures are not available, it is estimated that many refugees are located in rural areas.
3. In fact, forced displacement often has a strong rural dimension, with large numbers of displaced peoples originating in rural areas and now living in rural host communities within or outside their home countries. This leads to degradation of agricultural land and collapse of food production in the areas left behind, and increased pressure on natural resources, food security and agricultural systems in the host communities. Moreover, displaced peoples living in rural areas are typically more vulnerable than those living in urban areas, being further from the main centres of support and service providers, and harder to reach for the organizations tasked with assisting them. In such cases, it is particularly important that host communities receive support in coping with inflows of new arrivals, and that displaced peoples have access to basic livelihood support to establish a level of self-reliance. Overall, this crisis has placed rural communities in the region under immense stress. Business as usual is not an option. It is imperative that the international community, and IFAD specifically, act. Otherwise, there is high risk of deepening vulnerabilities and exacerbating the current crisis of displacement and conflict (sometimes including the risk of conflict in host countries).
4. The underlying causes of fragility that underpin the migration and refugee crisis include food and nutrition insecurity, poor management of natural resources and exclusion from opportunities – factors that lie firmly within IFAD's comparative advantage. Working in fragile situations over decades, IFAD has amassed rich experience and has developed the tools, insights and approaches needed to effectively address the dimensions of fragility in rural areas (this will also be highlighted in the IFAD strategy for engagement in fragile and conflict-affected states and situations).
5. Recognizing these rural dimensions of forced displacement, IFAD has established a Facility for Refugees, Migrants, Forced Displacement and Rural Stability, or FARMS, to address both the causes and consequences of the crisis that lie within IFAD's mandate and to support efforts to bridge the humanitarian/development gap. As stated in the recent Stockholm Declaration:¹ "At the root of conflict and fragility lie injustice, human rights violations, inequality, exclusion, poverty, poor management of natural resources and the absence of inclusive political settlements and capable institutions."
6. FARMS will help host communities cope with the pressures of the crisis and provide refugees and internally displaced peoples with remunerative livelihoods – building skills and capacities that will serve them well on an eventual return to their homes.

¹ International Dialogue on Peacebuilding and Statebuilding, Fifth Global Meeting, 5 April 2016, Stockholm, Sweden: Stockholm Declaration on Addressing Fragility and Building Peace in a Changing World.

FARMS is crucial to IFAD remaining relevant in the region and fulfilling its mandate to serve the most vulnerable, ensuring we leave no one behind.

7. Host governments are not currently borrowing resources to support refugees. Thus these vulnerable communities must be targeted through grant financing under the FARMS framework.

II. Description of the Facility

8. FARMS aims to have an overall envelope of US\$100 million. In the first phase, it will focus on the Near East and North Africa region where the current crisis is most acute. In the future, based on both needs and availability of resources, it could also address other regions.
9. The goal of the Facility is to ensure that poor rural people overcome poverty through remunerative, sustainable and resilient livelihoods. The specific objectives cover "host areas", which host migrating or displaced populations, and origin or "sending areas", which send out migrants and refugees or displaced peoples. In host areas, livelihoods will be generated for both the host communities and the displaced peoples. And in sending areas, economic opportunities will be created to motivate people who have left to return and those who have remained to rebuild their livelihoods.
10. The key outcomes to be delivered by FARMS include:
 - (a) Improved productive rural infrastructure through implementation of at least 500 rural community infrastructure projects;
 - (b) Creation of at least 500,000 days of temporary work and at least 20,000 employment opportunities, primarily for youth;
 - (c) Increased social resilience through building community-level and local government capacity;
 - (d) Improved governance and management of natural resources;
 - (e) Enhanced policy and regulatory frameworks (and increased communication of issues and solutions) to address the needs of rural host and sending communities, including through mobilization of remittances and diaspora investments.
11. The Facility will have three pillars:
 - (a) Cofinancing of IFAD investment projects. About 75 per cent of the Facility's funds will be allocated as cofinancing of IFAD's ongoing and pipeline investment projects. This will minimize spending lag and leverage the implementation capacity and resources of investment projects.
 - (b) Regional and country-specific grants. About 20 per cent of the funds will target one or more of the priority countries, with potential recipients including national and international organizations, NGOs, universities, farmers' organizations, the private sector, etc. The scale of financing for grants will be in the range of US\$100,000 to US\$3.5 million, with competitive procedures for the selection of grant recipients, to the extent feasible.
 - (c) Policy engagement, knowledge management and communication outreach. The Facility will commit 5 per cent of the funds to financing analysis and to generating knowledge and evidence to: improve project design and implementation; provide implementation support and capacity-building for regional and in-country partners; and contribute to non-lending activities at country or regional levels. Activities will include knowledge management, communication, policy engagement, partnerships, and South-South and triangular cooperation related to sharing of knowledge and best practice in addressing refugees, migration and stability in rural areas.

12. IFAD will also leverage its collaboration with the key United Nations agencies and international organizations involved in the current refugee crisis on the ground, such as the Office of the United Nations High Commissioner for Refugees, the World Food Programme and others, in order to complement their emergency interventions with medium- and long-term approaches to the stabilization and development of the region. This collaboration, based on complementary approaches building on each organization's traditional strengths, is critical in bridging the humanitarian/development gap.
13. IFAD has a broad network of partnerships across this and other regions, including governments, NGOs, regional and international organizations, the private sector, communities and community-based institutions. It is a trusted partner, with client surveys consistently rating it high in partnership-building. IFAD is also seen as an impartial actor. These features mean it will be trusted to engage in complex environments, along with its partners. Thus, IFAD will continue its well-tested and proven operating model, but with expanded target areas and greater flexibility to respond to the crisis.
14. In terms of administrative processes, a pipeline of projects to be financed by FARMS will be updated annually in the Facility's annual workplan and budget. Design of new projects will undergo quality checks and reviews in accordance with IFAD procedures. An annual update on newly designed projects will be submitted to FARMS donors. In terms of the results achieved by the projects, IFAD will ensure regular reporting to donors through a results framework that builds on key outcomes.
15. This proposal is grounded in IFAD's updated strategy for engagement in countries with fragile situations, which places priority on risk management and resilience, greater analysis of causes and the building of institutions through trust and social cohesion. FARMS will be the first major initiative by a rural development agency to address this crisis. Its outcomes will contribute significantly to breaking the desperate cycle of migration and to creating long-term, sustainable and dignified livelihoods for communities.

III. Current status

16. A detailed FARMS proposal has been prepared, building on extensive consultations with partners, including governments in the region. A pipeline of potential projects and activities that could benefit from FARMS is being developed in consultation with regional partners, focusing on areas with active IFAD investment projects that are also severely affected by issues of forced displacement and migration across the Middle East, North Africa and Horn of Africa region.
17. Initial outreach to potential donors has also begun, including List A and List B Member States and other financing partners such as the European Commission and Arab Gulf funds. Informal meetings took place on the sidelines of the World Humanitarian Summit in Istanbul in May 2016, and follow-up and exploratory meetings were held with potential contributors through their embassies in Rome and in their capitals. These outreach efforts have confirmed strong interest in the proposal, and it is hoped that this will lead to initial financial contributions being made over the coming months.
18. IFAD Management encourages Member States concerned about the crisis – and that recognize its rural dimensions and close linkages to IFAD's mandate, and appreciate the need for a development-oriented response – to partner with IFAD through this Facility.