
Addressing fragility through a focus on rural livelihoods: a reflection on IFAD's role

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I. Introduction

1. **Working in fragile contexts has been a part of IFAD's trajectory** since it was established by the United Nations in response to the food crises of the early 1970s, over 40 years ago. Fragility is present in different forms in many rural areas where IFAD operates and is often closely linked to poverty and food insecurity.
2. **IFAD can deliver positive results in fragile contexts without straying into humanitarian work**, with a **specific value proposition of investing in the resilience of rural livelihoods and their institutions**. This often entails higher costs than work in non-fragile contexts and adaptations in IFAD's delivery model, for which the Fund has specific tools.
3. **The context of IFAD's work around fragility is changing**, with increased recurrence of shocks and crises. **Fragility also appears increasingly complex**, with "polycrises" resulting from the interplay of environmental, geopolitical and socioeconomic hazards¹ that undermine markets, societies and natural ecosystems. Many IFAD country teams today find themselves working in situations with elements of fragility – e.g. social violence or high vulnerability to climate shocks – even beyond the countries included in the World Bank list of fragile and conflict-affected situations (FCS), which IFAD uses to track financial allocations and results.
4. This paper aims to inform a high-level discussion with Executive Board representatives about IFAD's role in addressing fragility, at a time when it has become increasingly complex and widespread. It anticipates later discussions on the offer under the Thirteenth Replenishment of IFAD's Resources (IFAD13) on fragility and is informed by an ongoing refresh of IFAD's operational approach in FCS.²

II. Fragility and rural livelihoods

5. World Bank data³ suggest that **over one billion people live in FCS countries**, and that by 2030 almost two thirds of people living in extreme poverty, or around 360 million people, will be living in such countries. Under the broader definition of fragility established by the Organisation for Economic Co-operation and Development (OECD), 86 per cent of extremely poor people – who are now predominantly rural – will be living in fragile situations.⁴
6. In its 2016 Strategy for Engagement in Countries with Fragile Situations,⁵ IFAD **defines fragility** as "a condition of high vulnerability to natural and man-made shocks, often associated with an elevated risk of violence and conflict." It further notes: "Weak governance structures along with low-capacity institutions are a common driver and consequence of fragile situations. Fragile situations typically provide a weaker enabling environment for inclusive and sustainable rural transformation and are characterized by protracted and/or periodic crises, often with implications for smallholder agriculture and food security." This definition, while anchored in institutional weakness and the possibility of conflict, like the World Bank FCS approach, is open to a broader set of factors of fragility, similar to the OECD definition, and **focuses specifically on whether an enabling**

¹ World Economic Forum, 2023. *Global Risks Report 2023*.

² IFAD's offer in fragile contexts is laid out in the IFAD13 Business Model and Financing Framework, which will be discussed in June 2023, and detailed operational guidance to IFAD teams working in situations of fragility is being prepared in a refreshed approach paper, in response to an IFAD12 commitment, for completion by the third quarter of 2023.

³ World Bank, 2021. *Data total population in fragile and conflict affected situations*. [Available here](#).

⁴ OECD, 2022. *States of Fragility 2022*. The OECD measures fragility based on 57 indicators across six dimensions, namely economic, environmental, human, political, security and societal.

⁵ [EB 2016/119/R.4](#).

environment is present for inclusive and sustainable rural transformation. This can apply to various degrees in different local rural contexts and over time.

7. In all three definitions, weak governance structures and low-capacity institutions are central drivers and consequences of fragility. For IFAD, this is because the **capacity of public institutions to deliver basic rural services and investments and to ensure good governance are key** for rural transformation and also for IFAD's business model, which rests on country-led programme implementation.⁶ Of course, the capabilities of public institutions are often limited in remote rural areas and this does not always constitute fragility. However, when limited capabilities are combined with recurrent exposure to shocks, key functions of the public sector (including providing for security) can be undermined in ways that require adapted solutions to enable exit from poverty.
8. **IFAD's definition of fragility serves as a reminder that an elevated risk of violence (including social violence linked to inequalities)** is often associated with weak institutions and recurrent or protracted exposure to shocks. This is clearly relevant to IFAD's mandate given the close association between conflict and food insecurity.⁷ Among the types of shocks most often associated with fragility, IFAD's **definition recalls vulnerability to environmental shocks**, including extreme climate events.⁸
9. **These dimensions of fragility often reinforce each other.** IFAD recently elaborated on the **interplay between climate change and conflict** in a paper for the December 2022 Executive Board,⁹ and the impact of climate change on inequalities, which may fuel conflict, is highlighted in the latest Intergovernmental Panel on Climate Change AR6 Synthesis Report.¹⁰ In the literature, climate change features as a "**threat multiplier**" when other factors underpinning conflict are present.¹¹ **The interplay among dimensions of fragility and their impact on food and agriculture is increasingly of concern** to different development finance institutions. For instance, it is recalled in the recent first Strategic Approach to Fragility and Conflict of the European Investment Bank and in similar documents of the African Development Bank and Asian Development Bank, among others.¹²
10. The past years **have seen an increase in fragility**, with the OECD reporting in 2022 the largest number of fragile situations recorded to date, most of them in middle-income countries. These years have also seen an intensification of environmental degradation and climate change and two major global crises.
11. The **first such crisis resulted from the COVID-19 pandemic**, which led to major losses of lives and livelihoods, rising food insecurity and disruptions to agricultural markets. According to the World Bank, per capita income growth is expected to be lower than pre-pandemic levels in all regions of the world,¹³ but in FCS, average incomes per capita are expected to actually decline by 2024. A marked increase in food insecurity in fragile low-income countries (LICs) has been noticeable, with an almost doubling of the food-insecure population in these

⁶ For instance, the 2022 study of the Independent Office of Evaluation of IFAD (IOE), Government Performance in IFAD-supported Operations Evaluation Synthesis, found evidence of "low government ownership, scarce interest in projects, political instability and insufficient engagement and presence" among counterpart ministries in fragile contexts.

⁷ According to the 2022 Global Report on Food Crises, conflict was the main driver of food crises in 2021, and all six countries with an Integrated Food Security Phase Classification of 5 or "catastrophe" level of food insecurity in the October 2022 Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP) Hunger Hotspots were FCS countries. WFP, and FAO, 2022. *Hunger Hotspots. FAO-WFP Early Warnings on Acute Food Insecurity: October 2022 to January 2023 Outlook*.

⁸ IFAD, Apr. 2019. IFAD's Special Programme for Countries with Fragile Situations understands "environmental fragility" in terms of vulnerability to natural hazards due to a combination of exposure and weak governance.

⁹ IFAD, 8 Dec. 2022. Climate finance to strengthen food systems: An opportunity for IFAD. [EB 2022/137/R.2](#).

¹⁰ To be found [here](#).

¹¹ IFAD, Nov. 2022. IFAD Briefing Note - Climate and Conflict: What does the evidence show?

¹² See for instance European Investment Bank, 2022. *EIB Strategic Approach to Fragility and Conflict*.

¹³ World Bank, 2023. *Global Economic Prospects*.

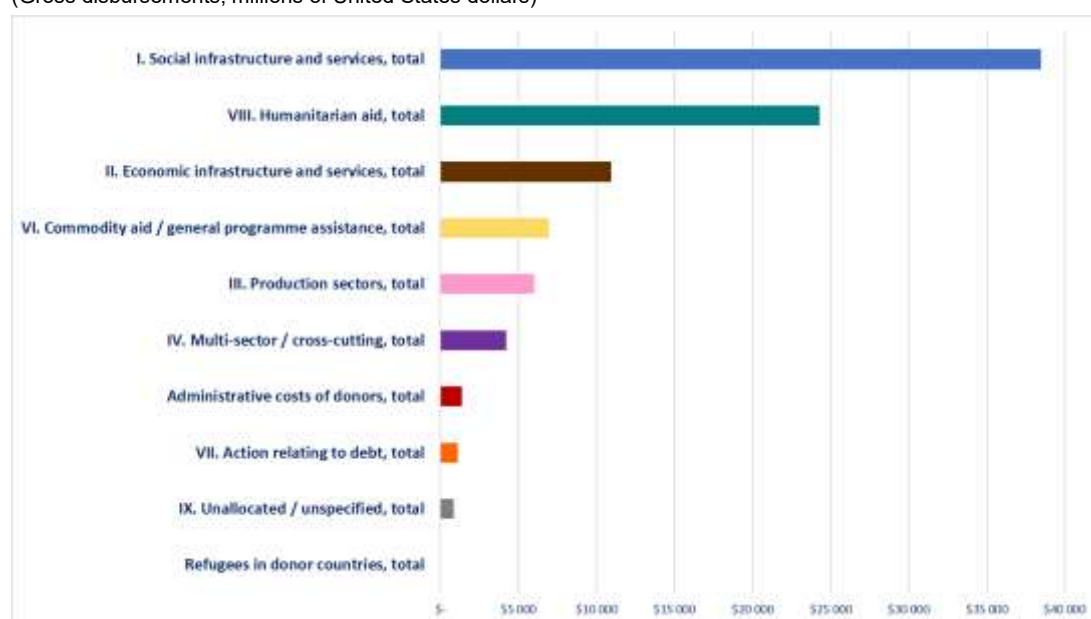
countries from 46.2 million in 2019 to 90.7 million in 2022, compared to an increase from 9.3 million to 14 million in other LICs.

12. **The second crisis was largely associated with the war in Ukraine in 2022-2023.** IFAD's efforts to trace the impact of this crisis on rural livelihoods have shown widespread increases in costs for food, fertilizer, fuel and construction materials across regions, affecting also the budgets of IFAD-funded projects, especially in small island development states and countries with a high dependence on international markets.
13. **These crises have contributed to bringing fragility to countries not on the FCS list,** "challenging many assumptions about what it means to be fragile and what it means to be resilient"¹⁴ and contributing to an erosion of public trust in institutions and to social polarization.¹⁵ They have also suggested the need for more attention to economic and social dimensions of fragility, such as high vulnerability to international market shocks and the impact of the pandemic on social inequalities.
14. Among development finance institutions like IFAD, the recent crises have required striking a balance between **long-term development focus and a capacity to adapt to changing needs**, and efforts to generate resources to bridge crisis response and longer-term investment, at a time when humanitarian spending often took precedence over development assistance (as is often true in fragile contexts – see figure 1). Another common concern has been determining how to preserve a viable financial portfolio with many borrowers entering into protracted financial distress.

Figure 1

Official development assistance to fragile contexts by sector, 2021¹⁶

(Gross disbursements, millions of United States dollars)



Source: Elaborated from data from the OECD States of Fragility (resources available [here](#)).

III. IFAD's approach and experience to date

15. **IFAD has decades of experience in fragile contexts guided by dedicated tools**, some focused on specific dimensions of fragility, such as conflict, or specific

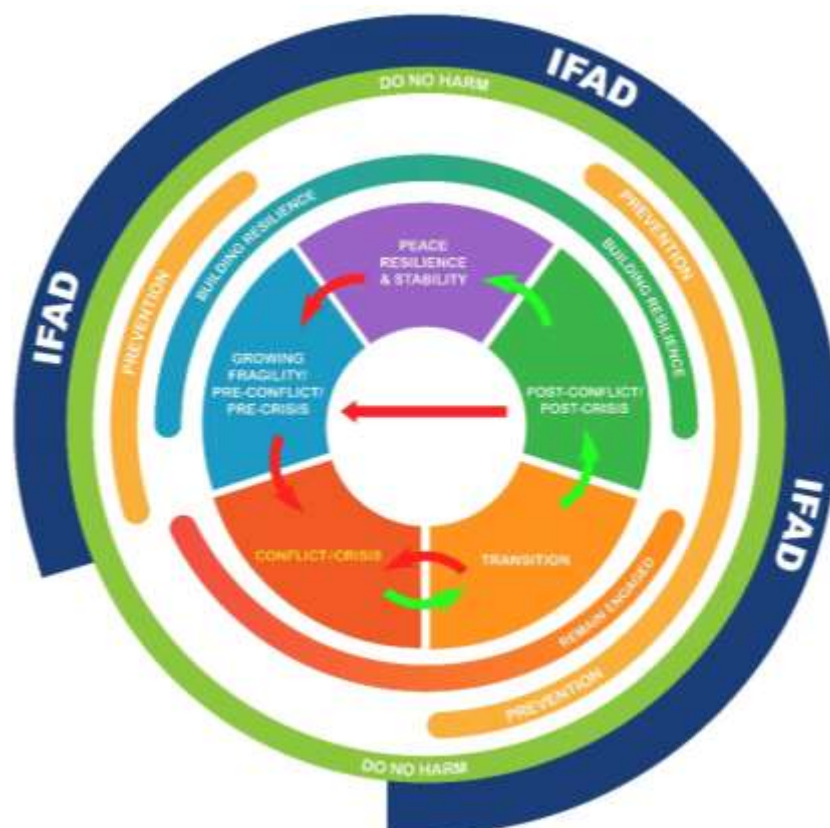
¹⁴ The Fund for Peace, 2022. *Fragile States Index 2022 – Annual Report*.

¹⁵ United Nations, 3 Aug. 2022. *Global Impact of War in Ukraine: Energy Crisis*.

¹⁶ This is based on the OECD definition of fragility.

stages in fragility, such as crisis and recovery. The production of these tools has accelerated in the past 15 to 20 years. In 2006, the Fund adopted a **Policy on Crisis Prevention and Recovery**¹⁷ followed by **Guidelines for Disaster Early Recovery**. In 2016, IFAD adopted a **Strategy for Engagement in Countries with Fragile Situations**. To support strategy implementation, a **Special Programme for Countries with Fragile Situations** was designed in 2019. IFAD also has a 2022 strategy for **small island development states** as a group of countries with shared elements of fragility. IFAD's ability to engage in various, but not all, contexts of fragility through these tools is illustrated in figure 2.

Figure 2
Mapping IFAD's role and experience around stages of fragility



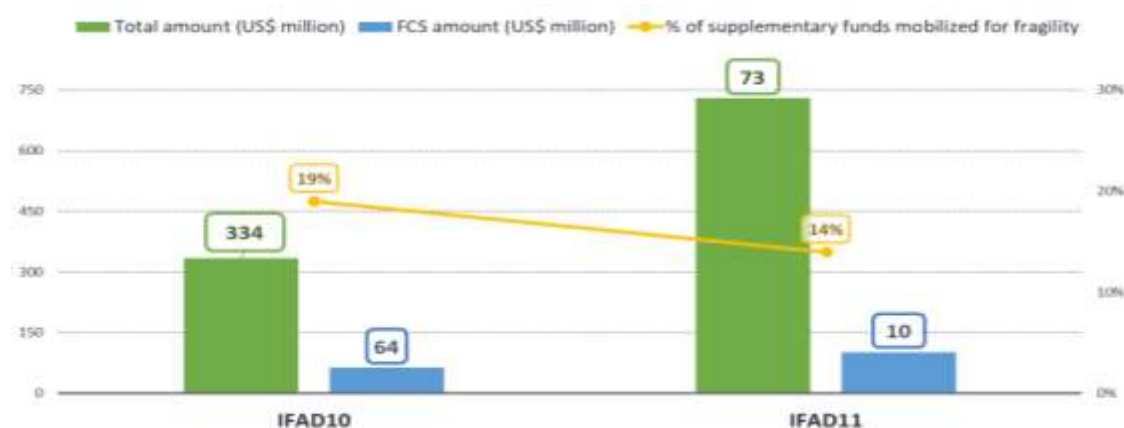
16. The special programme recalls that the **goal of IFAD's work in fragile contexts is for poor rural people to sustainably move out of poverty and live in societies more resilient to shocks**. To achieve this it identifies **four entry points**, namely: (i) gender empowerment and support to women's role in building resilient communities – recognizing that poor rural women often disproportionately face the negative impacts of shocks and of weak institutions, but also their roles in recovery from crises; (ii) strengthening local institutions and communities to promote local governance and service delivery capacity; (iii) strengthening food security by boosting agricultural productivity and access to markets; and (iv) sustainable natural resource management, including disaster preparedness and climate adaptation.
17. The programme requires IFAD's work in fragile contexts to be based on **systematic fragility assessments, simplified project design, adaptive management** (e.g. proactive use of restructuring) **and flexible delivery** – including third-party implementation. These elements will be fleshed out in the refreshed operational approach to fragile contexts to be released later in 2023.

¹⁷ IFAD, 20 Apr. 2006. IFAD Policy on Crisis Prevention and Recovery. IFAD. [EB 2006/87/R.3/Rev.1](#).

18. **Effective use of partnerships is integral to IFAD's approach.** This is true of all aspects of IFAD's work in fragile contexts. Partnerships with specialized United Nations agencies, other international financial institutions and think tanks complement IFAD's capacity to analyse drivers and implications of fragility relevant to its mandate. Partnerships with NGOs can be conduits for delivery in conditions of low security or in certain de facto government situations. Partnerships within the in-country United Nations community ensure that IFAD's investments complement the work of other actors to address drivers or impacts of fragility that fall outside IFAD's mandate – e.g. through peacebuilding or humanitarian interventions. In many situations, key partnerships are those with the other Rome-based agencies (RBAs), where IFAD's investments in rural livelihood and institutional resilience complement policy and technical support by FAO and food assistance from WFP. Examples of RBA partnership in situations of fragility include joint programming in Niger, which has had a positive impact on pressure to migrate, local food security and nutrition, and social cohesion. They also include the Kenya Cereal Enhancement Programme – Climate-Resilient Agricultural Livelihoods Window, which has invested in climate-resilient practices to support communities in arid areas graduating from WFP food assistance.¹⁸ The ongoing Joint Programme for the Sahel in Response to the Challenges of COVID-19, Conflict and Climate Change (SD3C) signals an effort by the three agencies to deepen collaboration in fragile contexts based on a shared resilience framework.
19. Under IFAD11 and IFAD12, **the Fund has committed to deploy at least 25 per cent of its core resources to countries in the World Bank FCS list.** This target was exceeded under IFAD11, and the IFAD12 midterm review (MTR) shows that 34.5 per cent of core resources are planned for allocation to FCS. To complement these funds, IFAD has used supplementary funds and grants and leveraged climate finance. While the grant budget has declined, the share of supplementary funds dedicated to FCS and more broadly to initiatives related to fragility and crisis (excluding climate funds) went from 19 per cent in IFAD10 to 14 per cent in IFAD11, even as the overall volume of funds increased. Going forward, robust fragility assessments can inform interventions funded by these different sources of finance to enable more synergistic impact in fragile contexts.

Figure 3
Share of IFAD supplementary funds related to fragility for IFAD10 and IFAD11 (excluding climate funds)

(Total and for FCS)



Source: IFAD calculations. Figures for fragility are estimates and include supplementary funds provided as cofinancing for projects in countries on the World Bank FCS list, or initiatives targeting countries on the list, as well as supplementary funds for the Crisis Response Initiative, the Rural Poor Stimulus Facility, the Facility for Refugees, Migrants, Forced Displacement and Rural Stability or for crisis prevention, recovery or risk management. The estimate does not include financing from global climate/environment funds or financing under the Adaptation for Smallholder Agriculture Programme.

¹⁸ Found in the 2021 joint evaluation of RBA collaboration, available [here](#).

20. IFAD's experience in fragile contexts varies depending on the features of fragility in each case, but **it is always about building long-term rural resilience by addressing drivers of fragility** that are within its mandate (e.g. institutional weaknesses, vulnerability to environmental shocks, social inequalities) and **bolstering livelihood and institutional resilience**. Examples of what this means in practice are presented in the annex.
21. **Many elements of IFAD's offer in fragile contexts can be found in other contexts**, but they are delivered here with intentional adaptation to address fragility and promote resilience. This means adhering to specific operational guidance, as detailed in the above-mentioned tools, to be refined in the new operational approach. Work in fragile contexts is also often characterized by an intentional effort to strengthen local actors – e.g. producers' organizations – that can deliver services and contribute to social cohesion when public institutions have weak capacity, and greater use of community-driven development.¹⁹
22. During the recent crises, IFAD has adapted its portfolio by leveraging existing policies and processes for repurposing and restructuring. Additionally, it **has channelled resources to countries asking for support to withstand the financial and economic impacts of the crises**. This has included the launch of the Rural Poor Stimulus Facility (RPSF) and, based on RPSF learning, the Crisis Response Initiative (CRI). Between 2020 and 2022, the RPSF benefited 20 million people, with around half of resources going to FCS and with partial channelling through NGOs and farmers' organizations.²⁰ Initial evidence of impact includes the majority of households involved reporting maintained incomes, number of meals, assets and production despite the pandemic. Last year, the CRI was launched to respond to demand for extra support to rural livelihoods through the portfolio or via partners in 22 countries – many of them FCS – facing a combination of local shocks, financial distress (including inability to access IFAD core resources) and high dependency on imports from Ukraine or the Russian Federation.
- Some reflections on IFAD's experience and results to date**
23. **IFAD's experience in fragile contexts shows that positive results are possible but require greater investment.**²¹ Implementing the guidance from the special programme **requires financial space to absorb the costs** of fragility assessments and of fragility-adapted supervision, financial management oversight, procurement and institution-strengthening, particularly in crisis situations and in low-security conditions. Strategic partnerships also entail costs.
24. **The past years show a positive trend in IFAD's work with fragility.** The 2021 Annual Report on Results and Impact of IFAD Operations (ARRI) reported that the performance of projects in FCS completed during the period 2017-2019 improved for all measured criteria but one, compared to those completed in 2014-2016, and with particular improvements in efficiency, government performance, climate adaptation and innovation. The 2022 Report on IFAD's Development Effectiveness²² found that during IFAD11 country teams produced more realistic programmes and successfully promoted innovation in fragile contexts, achieving **better than average ratings for gender**. In July 2022, IFAD undertook its annual portfolio stocktake with a deep dive on fragility. Performance indicators with the highest rates in fragile contexts included targeting, outreach, gender equality and women's participation. Teams reported diverse performance depending on type of fragility. For instance, West and Central Africa reported better

¹⁹ IFAD, Nov. 2022. 2022 Annual Report on the Independent Evaluation of IFAD.

²⁰ IFAD, May 2022. Multiple roles of farmers' and producers' organizations in responding to the COVID-19 crisis.

²¹ For instance, calculations feeding into the 2023 IFAD [budget](#) have shown that costs for fielding missions for design and supervision can be approximately 50 per cent more than baseline costs in cases where fragility requires specific provisions e.g. for security. The nature and extent of extra costs vary depending on the features of each fragile context.

²² [EB 2022/136/R.7](#).

results in FCS marked by social violence but with strong institutions versus non-fragile contexts.

25. The **IFAD11 impact assessment report** provides evidence of positive impact of IFAD-funded projects in six countries on the FCS list, representing one quarter of a sample of 24 projects.²³ Analytical work conducted for the assessments also shows evidence that **by investing in activities within its mandate IFAD can contribute to addressing some factors of fragility**. For instance, geographic information system data-informed analysis of interventions in Mali and Ethiopia leading to increased land productivity suggests a positive impact on reducing the incidence of local conflicts fuelled by competition over scarce natural resources.²⁴
26. **Results confirm the challenges of working with fragility**. Besides higher costs, maintaining an effective portfolio in situations of recurrent shocks, social violence and weak public institutions requires greater attention to all portfolio indicators closely linked to counterpart government capacity. Additionally, the experience of the RPSF and CRI shows that rapid mobilization and alignment of resources to deploy in crisis situations is possible but also requires focused efforts. In an environment of “crisis as the new normal,” such challenges will likely increase.

IV. Questions for discussion

27. Under IFAD12 **IFAD has committed to do more and better**, within its mandate, in fragile situations. The IFAD13 Directions Paper anticipates a stronger offer on fragility based on progress in implementing operational guidance as well as in leveraging IFAD’s full set of resources **to deliver programmes that are resilient and that address fragility in the context of IFAD’s mandate**. During the coming months, this offer will be complemented by the new operational approach paper, which will detail how IFAD will anchor all types of investments into robust fragility assessments, practise adaptive design and management, pursue strategic partnerships and strengthen in-house technical competences to address fragility.
28. To complement this upcoming offer and operational guidance, this discussion aims to contribute to a shared understanding of IFAD’s role in the fragility space. Members are invited to reflect on the following questions:
 - How do members see drivers and impacts of fragility in rural areas evolving? What does this mean for the humanitarian-development-peace nexus?
 - What do members consider as key characteristics of IFAD’s role in fragile contexts, and how should that role evolve in the future?

²³ These are Ethiopia, Mali, Mozambique, Nigeria, Papua New Guinea, and Solomon Islands.

²⁴ This analysis is presented [here](#).

Selected examples from IFAD's experience in FCS

1. **Investing in climate resilience, combined with economic empowerment and social inclusion, is key to IFAD's offering to address some of the factors underpinning local conflict.** Examples can be found across all regions where IFAD operates, including the Sahel, the Horn of Africa, the Caribbean and parts of Asia. For instance, in Haiti IFAD's programme portfolio (including the Inclusive Blue Economy Project currently under way) provides a package of support to local communities and institutions for climate-resilient investments in infrastructure and livelihoods, in a context of social violence and weak governance combined with exposure to natural disasters. In Sudan, IFAD has worked through several projects over the years to support climate-resilient and economically viable pastoral and farming livelihoods, women's empowerment (e.g. through access to financial services) and local conflict-resolution mechanisms, with positive impact as documented in the 2020 country strategy and programme evaluation. Similarly, the 2021 ARRI reports that in Chad the Pastoral Water and Resource Management Project in Sahelian Areas succeeded in reducing conflict situations by recognizing the mobility of livestock and people as an effective strategy to use drylands resources.
2. **Partnerships across the development, humanitarian and peacebuilding communities** are often pursued by IFAD, particularly in crisis and low-security situations within the landscape of fragility. Partnership with the other RBAs is often a natural complement to IFAD's mandate and business model.²⁵ The regional SD3C programme in the Sahel is one example of this partnership and it is aligned with the recommendations of IOE's 2021 subregional evaluation of countries in fragile situations (Learning from the G5 Sahel countries and Nigeria), which noted the limitations of addressing social, economic and environmental drivers of fragility to the neglect of governance and conflict-related drivers in IFAD's earlier work.²⁶ The programme works through regional, national and local institutions through the different entry points available to the three RBAs – including policy advisory support (leveraging inter alia FAO's specific mandate and capabilities in this regard), school feeding, climate-resilient agricultural practices and local value chain development – to mitigate the drivers of fragility both at the livelihoods and the institutional levels.
3. **Partnerships with non-governmental institutions that are able to engage in situations where IFAD cannot be present or where public institutions are struggling to address crises are also key.** For instance, partnerships with non-governmental institutions have also been instrumental in allowing IFAD to channel resources for crisis response (including under the RPSF and CRI) where fragility is present in forms that do not allow IFAD to directly engage (e.g. in Afghanistan). In the Horn, between 2021 and 2022 IFAD financed a COVID-19 response grant for seed systems development through the RPSF, covering three FCS countries – Eritrea, South Sudan and Somalia – as well as Djibouti, which is recovering from the effects of past conflict. Through the Seed Systems Group, a Nairobi-based NGO, the grant helped to develop systems for sustainable provision of high-yielding climate-resilient seeds based on tailored networks of public, private, civil society and research institution actors, which helped communities to address some of the environmental and climate-related drivers of local conflicts.
4. An important aspect of IFAD's offering with respect to countries and communities in fragile situations, including during and after crises, is **support to financial services that can both support livelihood resilience and generate new**

²⁵ Examples of such integration of offerings and of financing sources as well as of partnerships across the development, policy and governance, and humanitarian domains are found in the SD3C programme and in the complementary Inclusive Green Financing Initiative and Africa Integrated Climate Risk Management Programme, as documented in the IFAD12 MTR.

²⁶ IFAD12 MTR, *ibid*.

livelihood opportunities. An example of how community-based financial services can be effective to support livelihoods in fragile settings comes from IFAD's Integrated Livestock Development Project in the Syrian Arab Republic, which created a community-based revolving rural finance model named in Arabic *sandug* – or communal fund. This is an approach where villagers buy shares in a *sandug*, which is then supported by the project with a financial contribution, to be lent out to members. The *sandug* is managed by a local gender-inclusive committee supported by a community development committee established by the project. To date, 81 of these funds have been created with 15,407 members across the country, with women and youth participation reaching 42 per cent and 47 per cent, respectively. Thirty of the 81 communal funds established were created at the onset of the recent conflict and proved their resilience when IFAD suspended operations in 2015. They have remained fully functional with no support from the Government and continue to give out loans with a default rate of just 2 per cent.²⁷ Supporting rural women's access to finance as an important strategy to build resilience has also been found to yield successful results, as in the 2020 Sudan country strategy and programme evaluation.

5. **Remittances are often a major share of external financing in fragile contexts**, and can be a key source of income for households in times of crisis to offset the occurrence of external shocks. Remittances act as a safety net in case of crises but also as a resilience mechanism in the aftermath,²⁸ to foster recovery and sustain diversification strategies.²⁹ Nonetheless, the cost of sending remittances to areas of fragility is typically higher than the average cost for developing countries. Thanks to the Financing Facility for Remittances (FFR), which it hosts, IFAD is often uniquely well placed to support local partners to facilitate leveraging remittances towards income-generating activities, as well as to mobilize diaspora investments. This was documented in recent months, for instance in Mali, a country where remittances were around 6 per cent of GDP in 2021. Working in partnership with the European Union Trust Fund and with two impact investment companies, **IFAD through the FFR has been able to facilitate diaspora investment in youth entrepreneurship** in the country, as a critical contribution to providing livelihood alternatives for young people to mitigate some of the drivers of civil strife in this and many other fragile contexts.³⁰
6. **IFAD's engagement with population displacement and forced migration** as possible consequences but also factors of fragility extends beyond its work on remittances. A number of country programmes, particularly in the Near East and in sub-Saharan Africa, cover areas with refugees or internally displaced populations, while others have worked with communities and institutions facing the challenges associated with the social and economic reintegration of combatants and the reallocation of land after the return of displaced populations. Support to inclusive natural resource governance systems, including land tenure in particular, can be found in numerous IFAD-supported programmes in fragile contexts. In 2016, IFAD also launched a dedicated **Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS)** to boost the resilience of both hosting communities and displaced populations, by strengthening host community food and agricultural systems as well as providing displaced populations with new skills to support their livelihoods both in the present and after their eventual return.
7. **In Niger, FARMS support has been key to promoting women's empowerment** among refugees, returnees and displaced communities in the Diffa

²⁷ Data provided by the IFAD Syrian Arab Republic country team.

²⁸ IFAD, DMAG, Understanding Diaspora Remittances and the Potential for Climate Smart Agriculture Investments, Sept. 2021

²⁹ IFAD, Dec 2020. Managing agricultural risk through remittances. The case of Senegal.

³⁰ IFAD and FFR, Nov. 2022. Diaspora Investment in Malian Small-to-Medium Enterprises. Diaspora Investment in Sustainable Rural Youth Entrepreneurship in Mali. [Available here](#).

region, where the Family Farming Development Programme in the Diffa Region (ProDAF) operates. FARMS has financed 55 per cent of the budget of the project, which aims to promote equitable development and the empowerment of women and youth, representing the majority of refugees, returnees or persons displaced by Boko Haram insurgents in the region. The project uses the IFAD Gender Action Learning System approach and the Women's Empowerment in Agriculture Index as it promotes income growth, climate adaptation and market access in targeted communities, complementing humanitarian interventions by promoting longer-term resilience at the household and community levels. To date, of the 16,772 households who have benefited from ProDAF interventions about 41.5 per cent are headed by women. These households have benefited from secure access to land and water, support to production diversification and productivity growth, and climate adaptation. Concrete examples include activities for watershed management that have created over 7,000 temporary jobs, including 15 per cent for refugees, returnees and displaced persons, and 25 per cent for women. Other examples include financing of 190 income-generating activities for women and youth groups, setting up nutrition sensitization and rehabilitation centres for children, and support to rural microenterprises and to women's and youth employment.

8. Support to **youth entrepreneurship and employment** is a key common feature of IFAD's experience in fragile settings. In fact, fragility is often accompanied by a demographic shift towards younger populations³¹ whose endowments are negatively affected by the lack of opportunities and the exposure to shocks and violence. This also erodes human capital accumulation, reduces performance in education and interacts negatively with labour market opportunities. The risk is therefore to increase the likelihoods for rural youth to engage in antisocial behaviours, leaving a huge potential demographic dividend untapped. The economic empowerment of rural youth through job creation is therefore part of the medium- to long-term development interventions aimed at charting a path away from fragility and building resilience. This is at times designed to capture new entrepreneurial opportunities around the green economy (e.g. in biofertilizer production or digital services supporting climate adaptation), or seeking to benefit from the localization of food supply chains encouraged by the recent international crises. Examples from post-conflict work with youth to support access to employment and entrepreneurship as an alternative to livelihoods associated with violence can be found both in formal fragile settings and in countries with pockets of fragility. For instance, in Colombia a new programme under design aims to support both the realization of the 2016 peace agreements and the economic and environmental resilience of communities living in poverty, through a combination of interventions for local (notably youth) entrepreneurship, environmental restoration and inclusive natural resource governance. In Burundi, the Project to Support Agricultural and Rural Financial Inclusion (2017-2025) promotes financial inclusion for microentrepreneurs. The project's emphasis on private sector development is helping to navigate the challenges of political and social fragility, and its emphasis on youth entrepreneurship and employment will be key to mitigating the risk of future conflict.
9. Promoting local entrepreneurship and local financial services reflects IFAD's recognition that **there can be opportunities to support private sector development to build resilience in fragile contexts**. For instance, in northern Nigeria, the Climate Change Adaptation and Agribusiness Support Programme in the Savannah Belt, which closed in 2021, successfully promoted enterprise development for women and youth in a context marked by armed insurgency and by environmental and climatic stressors. The project achieved this by promoting

³¹ Report of the Consultation on the Twelfth Replenishment of IFAD's Resources. Recovery, Rebuilding, Resilience (IFAD, 2021).

enterprise opportunities along key value chains with a mix of infrastructure, skills development and service investments anchored in a community-driven development approach and with reliance on third-party support for supervision and monitoring. **Some of the areas covered by the project have been a focus of IFAD's first non-sovereign operation investment in the company Babban Gona**, which also aimed to support local climate-adapted value chain and market development particularly for maize.

10. Finally, in some countries, **IFAD-funded programmes have explicitly supported post-conflict reconstruction and rural community development for reconciliation, within the context of IFAD's mandate.** For instance, in the aftermath of civil war in Burundi, IFAD funded a Transitional Programme of Post-Conflict Reconstruction (2004-2013) and is currently continuing to support post-conflict recovery with three ongoing projects, totalling US\$116 million in IFAD financing. In Eritrea, IFAD is supporting post-conflict rebuilding through value chain development, helping to mitigate other challenges including persistent drought, and involving demobilized soldiers in microenterprise development, for instance under the ongoing Integrated Agriculture Development Project (2020-2028). In South Sudan, IFAD is supporting post-conflict recovery and peacebuilding through support to rural livelihoods in areas with high numbers of returnees after displacement caused by conflict, for instance through the South Sudan Livelihoods Resilience Project (2021-2027). In Côte d'Ivoire, the 2021 ARRI found that the Support to Agricultural Development and Marketing Project had a positive impact on the social integration of ex-combatants through its investments in skills development. Working in post-conflict settings also presents IFAD with particular challenges as well as opportunities for positive social impact, due to the typically high presence of people with disabilities and to the impact of conflict on gender, including gender-based violence.