IFAD’s programme priorities for the Eighth Replenishment period based on US$3.3 billion in loan and grant operations

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Enabling poor rural people to overcome poverty
IFAD’s 2010-2012 program of loans and grants: US$3.3 billion in high case scenario

• For the 7th Replenishment period 2007-2009, IFAD loans and grants totaled about US$2 billion

• Step increase to US$3.3 billion because:
  - Rapidly rising food prices underlines need to invest in agriculture and rural development
  - Environmental issues and climate change both have some rural and agriculture causes, and rural people and farmers are victims
  - Agriculture and rural development one of most effective tools for poverty and hunger reduction
  - Estimates for resource requirements for agriculture are huge: UN Secretary General estimates US$20 billion p.a.
Can IFAD expand its operations while delivering quality?

- Results from IFAD operations demonstrate improvement of outcomes
- IFAD program increased at 10% p.a. in 7th Replenishment period 2007-2009. In the same period IFAD’s efficiency of program delivery is improving, with its “efficiency ratio” moving from 16.8% in 2007 to 16.3% in 2008 and projected 15.8% in 2009.
- IFAD to maintain about 30-35 country projects p.a. and 70 global and regional grants, but in larger projects and programs as IFAD scales up
  - Larger projects are less management-intensive for same amount loaned and granted than larger number of smaller grants and loans
- Larger program doable because country strategy, project design and supervision costs shared with partner institutions
Regional and country variation in IFAD’s future program; one size does not fit all

• There will be greater differentiation in IFAD’s approach between different regions and different country situations
  - April 2008 Replenishment session presented regional plans for a 33% expansion in IFAD’s program of work (2007-2009 to 2010-2012)

• Another typology: differentiating by income and institutional development
  - **Low income countries**: basic agricultural and rural services; increasing public-private partnerships; farmer-led agriculture; private sector marketing and input supply; adaptation to climate change and rural environment; land issues; bringing women and vulnerable rural people into rural development; remittances
  - **Fragile states**: more institution-building; basic agriculture and rural services
  - **Middle income countries**: focus on the poorest rural people in the poorest regions; knowledge development and knowledge-sharing
IFAD’s Strategic Framework: a flavour of what IFAD will do in its loans and grants

Improve basic foods and staples

Include cash crops: exports are growing

Integrate livestock to match rising demand

Develop private agro-processing & marketing

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Support markets for smallholders

Inputs

Storage

Processing

Marketing

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Invest in smallholder input retailer systems to handle farm inputs through:

- Business development assistance
- Farmer groups and coops
- Credit
- Technical advisory services
- Contract service providers
Public-private partnerships important in input supply

Example: Smallholder seed sector

- **Germplasm Development**: Mainly public sector R&D
- **Foundation Seed Production**: Private enterprise with IP licensing
- **Farmer Seed Production**: Mixed NGOs, farmers associations, private growers
- **Distribution**: Private dealers, NGOs, farmers associations, private growers
Haiti agriculture services

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Agricultural extension (farmer training) in Lesotho
Uganda microcredit project (goes to women’s groups)
Women’s training in the Gaza Strip
Water resource development

• Rainfed agriculture dominates (95% of land) in Africa; agriculture technology focus needs to be on rainfed
• But Africa has potential to irrigate 20% of its arable land
• Only 3.6% is irrigated (mostly Sudan and Madagascar), compared to 26% in developing countries overall
• Small-scale irrigation systems are cost-effective in Africa
• IFAD invests in African irrigation and rural water supply
Irrigation in the Philippines
Global and regional programs

- Grants focused on **global public goods** in agriculture and rural development:
  - International Agriculture Research: **CGIAR**
  - Global water partnership, with **UN water** and **Gates Foundation**
  - Rural environment: **Global Environment Fund**
  - Land issues: **International Land Coalition**
  - Desertification and land degradation: **Global Mechanism**
  - Cross-border and international agriculture policy issues: **IFPRI partnership**, **Global Platform for Rural Development**, **IDRC partnership**, **FAO**
  - Rural finance: **CGAP**
  - Private sector development: **Africa Enterprise Challenge Fund**, **Agence Française de Développement**, **International Finance Corporation**
  - Gender issues and Inter-Agency Network on Women and Gender Equality: **UNIFEM**, **Committee on the Elimination of Discrimination against Women**, **FAO gender team**
  - Agriculture investment project development: **FAO Investment Center**
  - Weather risk insurance and school feeding: **WFP**
  - Social issues: rural health and education: **Belgian Survival Fund**
Assistance to agriculture is now increasing: IFAD’s response in the 8th replenishment period

• More cofinancing for agriculture and rural development will be available
  - IFAD to provide project and program vehicles into which other donors can cofinance

• Harmonization and aid effectiveness (Paris Agenda and One UN)
  - IFAD projects embody principles of aid effectiveness and alignment with country programs
  - IFAD aligns with UNDAF
  - IFAD country staff based in other UN agency offices
Agriculture commodity prices increasing, in part due to decline in rate of growth of agriculture productivity

- IFAD to focus more on **agricultural productivity growth**
- IFAD to help bring technological advances to developing countries
  - By strengthening the CGIAR and national agriculture research systems
- Using new models including **public-private partnerships**, or **farmer organization-led**, or private provision of public agriculture services and value chain approach
Market and private sector increasingly driving agriculture – IFAD adapts this evolving reality to the benefit of small farmers

VALUE CHAIN APPROACH

1. Research
2. Input industry
3. Extension service
4. Producers
5. Food process industry
6. Food retail industry
7. Consumers

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Rural environmental issues and climate change

• Deforestation, groundwater depletion, salinization of irrigation areas, destruction of rural biodiversity, soil loss are all widespread in many developing countries
  - For example, UNEP Atlas of Africa paints a picture of extreme pressure and destruction of the African environment

• IPCC: rural environment problems to worsen due to climate change

• IFAD to incorporate environmental concerns and adaptation to climate change in its projects
  - Drought-resistant cultivars
  - Crop diversification
  - Alternative tillage and erosion control
  - Paid environmental services
  - Weather insurance
  - Drought contingency and early warning systems
  - Water management, including flood response

• Ramping up IFAD’s GEF program
Bolivia reforestation
International migration and remittances

- Total remittances at US$300 billion in 2006
- IFAD to mobilize remittances for agriculture and rural development
## Can IFAD expand its operations while delivering quality?

<table>
<thead>
<tr>
<th>RESULTS</th>
<th>% of projects designed in 1995-2001 period rated satisfactory by IEE</th>
<th>Medium term 2010 Target established by IFAD’s Board (% of projects rated satisfactory)</th>
<th>Latest results 2006/2007 (% of projects satisfactory)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project effectiveness at completion</td>
<td>61%</td>
<td>80%</td>
<td>78%</td>
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<tr>
<td>Satisfactory impact on poverty at completion</td>
<td>37%</td>
<td>70%</td>
<td>75%</td>
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<tr>
<td>Satisfactory impact on learning, scaling up and/or knowledge management at completion</td>
<td>25-55%</td>
<td>70%</td>
<td>65%</td>
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<tr>
<td>Sustainable at completion</td>
<td>40%</td>
<td>80%</td>
<td>63%</td>
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<td>Satisfactory country strategy impact on food security</td>
<td>n.a.</td>
<td>80%</td>
<td>86%</td>
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</tbody>
</table>
Thank you for your attention.