

IFAD ANNUAL REPORT 2019





President's foreword

Since the start of 2020, much of the world's attention has been focused on the COVID-19 pandemic. At this challenging time, we are reminded of the importance of international cooperation and of the need for a strong global, multilateral system.

Many of our global problems – including disease, hunger, inequality, conflict and fragility – can only be solved by countries acting together.

We also have been made keenly aware that in a crisis, it is the poor and vulnerable who suffer most. When economies go into recession, those working in precarious jobs in informal employment – often women and young people – and the operators of small and medium-sized enterprises tend to be hit hardest. And people living in countries that lack the resources to deal with crises are even more vulnerable. With this in mind, it is crucial that, in tandem with providing necessary emergency aid, the global community continue to address the needs of the most vulnerable people so that when the next crisis comes along, we are better able to protect those most at risk of being left behind.

It has been gratifying to see that our investments in activities towards better livelihoods and greater resilience for rural people have made them more able to cope with the COVID-19 pandemic.

In 2019, new approvals for IFAD projects and programmes increased to a record US\$1.67 billion, enabling us to do more in improving the lives of rural people now, as well as building a sustainable future for their families and communities.

At the same time, the pandemic – especially its socio-economic consequences – is threatening past development gains. We have responded with a coordinated package of measures, as part of the overarching United Nations framework for response, to protect rural livelihoods from the impacts of the crisis, including a dedicated Rural Poor Stimulus Facility that addresses short-term disruptions in rural activities, with a focus on food systems. While it is true that IFAD's core business is mid- and long-term sustainable development, not emergency humanitarian aid, we have a critical role to play in building the resilience of rural people to the impacts of crises in both the short and the long term.

How IFAD is adapting to the challenges of today

Globally, 79 per cent of the world's poorest people live in rural areas, most depending on small-scale agriculture for their income. Many are net buyers of food. Rural areas are also where most of the world's hungriest people live.

These structural issues need to be addressed in our response to the COVID-19 pandemic and in the post-COVID-19 recovery. We cannot afford to move from one emergency to the other. We need to prioritize investments and policies to ensure that the next time crisis strikes – be it a global pandemic or a local weather event – people, economies and the environment are resilient enough and in a position to avert the worst outcomes.

IFAD's mandate has proven to be very relevant in a rapidly changing world. Progress made in 2019 builds on recent institutional reforms aimed at maximizing IFAD's contribution to ending poverty and hunger. We continued to pursue decentralization, and to move beyond single project interventions to more holistic approaches to address systemic issues.

A number of steps were taken to strengthen key areas in preparation for IFAD's Twelfth Replenishment (IFAD12). To enable us to do more, we are also continuing to develop a financial framework that blends replenishment contributions with debt financing. While replenishment contributions will remain the bedrock of IFAD's financial model, the new framework will allow us to expand our programme of loans and grants and reach more rural people around the world. At the same time, we are strengthening IFAD's overall Enterprise Risk Management approach, and especially our financial risk framework, to ensure the financial sustainability of our new model.

In 2019, we established a robust Capital Adequacy Policy that strengthens the management of our assets and liabilities to protect our balance sheet and mitigate the financial risks of borrowing. In addition, the IFAD Private Sector Engagement Strategy 2019-2024 was approved. The Strategy will help us to mobilize additional funding by reaching out to private sector partners who are in a position to invest in rural areas. Another initiative aimed at assembling investment in rural areas, with a focus on job creation for young people, is the Agri-Business Capital Fund (ABC Fund), launched at IFAD's Governing Council 2019 by IFAD, the European Union, the African, Caribbean and Pacific Group of States, the Alliance for a Green Revolution in Africa, and the Government of Luxembourg.

We also need to continue to enhance the quality of our programme of loans and grants. In 2019, there was an intense corporate focus on design quality. We have strengthened our quality assurance processes to improve the quality at entry of country strategies, loan-funded projects and grant-financed activities. We have further streamlined our design and review processes, ensuring that lessons learned are widely disseminated to inform future designs.

Improving the quality of our work also necessarily means developing the skills and capacities of staff in the context of our adaptation to a decentralized operating model and to deliver not only more, but better. Throughout 2019, we supported staff in developing skills to adapt to the



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changing needs of IFAD, for example through a new leadership development programme for supervisors, an executive coaching programme for directors, professional qualification programmes such as International Coach Federation certification, and an expanded e-learning platform.

In addition, to step up efforts to empower rural people through our operations, we gave precedence to initiatives to support our priority themes – climate change and environment, gender, youth, and nutrition.

New tools and approaches include:

- Enhanced Social, Environmental and Climate Assessment Procedures (SECAP)
- Revised targeting guidelines
- A new transformation framework
- Adaptation of the household methodologies to integrate youth, nutrition, and environment and climate change issues
- A new Rural Youth Action Plan

I am pleased that the 2019 results indicate we are ahead of our IFAD11 targets set under all four priority themes.

The year also saw the creation of the Change, Delivery and Innovation Unit, which has spearheaded a business process re-engineering exercise to reduce

bureaucracy and promote an efficient and positive working environment. A new bottom-up approach was taken for budget preparation in support of IFAD's shift towards a more decentralized operating environment, and we successfully implemented a new budget planning tool, Oracle Hyperion, refining the budgeting process and making it less prone to error.

These and other efficiency improvements have allowed us to plan an increased US\$1.67 billion programme of loans and grants within a zero-growth administrative budget.

As we move ahead to IFAD12, we are acutely aware that the world – and the challenges facing rural people – have changed profoundly.

The COVID-19 pandemic threatens past development gains and it calls for targeted investments to prevent the health crisis from becoming a food and poverty crisis. IFAD has responded quickly, in coordination with the United Nations system, in the context of our existing work and mandate, building on our experience of working in situations of fragility, crisis and post-crisis. We are determined to do what is needed to ensure that the rural people we serve do not fall back into a situation of poverty and hunger.

Key steps taken in 2019 ensure we are in a solid position to drive recovery efforts in rural economies in a post-COVID-19 world, as well as being able to step in to address the short-term impacts of the crisis. Having enhanced our country presence, boosted our work to mainstream key themes, reformed our financial framework and improved overall efficiency, we are well placed to continue to step up our efforts to end poverty and hunger in a changing world. And we remain convinced that the rural women and men we work with are key actors in driving us all to achieve these goals.

GILBERT F. HOUNGBO
President of IFAD

ONGOING PORTFOLIO

Where IFAD works

203
ongoing projects



IFAD financing
US\$7.5 billion



Domestic contributions
US\$5.8 billion



International cofinancing
US\$3.4 billion



Latin America and the Caribbean
28 ongoing projects in 17 countries
US\$553.8 million ongoing IFAD financing

West and Central Africa
38 ongoing projects in 20 countries
US\$1,639.3 million ongoing IFAD financing

East and Southern Africa
43 ongoing projects in 16 countries
US\$1,684.2 million ongoing IFAD financing

Near East, North Africa and Europe
35 ongoing projects in 17 countries and Gaza and the West Bank
US\$984.7 million ongoing IFAD financing

Asia and the Pacific
59 ongoing projects in 20 countries
US\$2,628.8 million ongoing IFAD financing

IFAD headquarters
 IFAD country office
 Regional hub
 Regional South-South and Triangular Cooperation and knowledge centre
 Satellite office

GLOBAL OPERATIONS BY REGION Asia and the Pacific

PORTFOLIO MANAGEMENT HIGHLIGHTS

59 ONGOING PROGRAMMES AND PROJECTS

in partnership with 20 countries in the region at the end of 2019

8 NEW PROGRAMMES AND PROJECTS

in Afghanistan, Bangladesh, Cambodia, Indonesia (2 projects), Lao People's Democratic Republic, Samoa and Sri Lanka

1 NEW country strategic opportunities programme in Viet Nam

US\$2,628.8 million

INVESTED BY IFAD
in the region's ongoing portfolio

US\$359.1 million

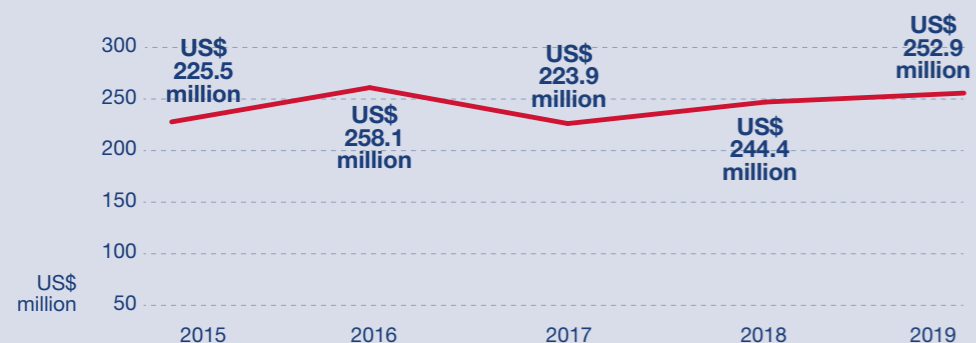
IN NEW APPROVALS IN 2019

36 COUNTRIES

- Afghanistan - 2
- Bangladesh - 7
- Bhutan - 1
- Cambodia - 4
- China - 4
- Cook Islands
- Democratic People's Republic of Korea
- Fiji
- India - 7
- Indonesia - 5
- Iran (Islamic Republic of)
- Kiribati - 1
- Lao People's Democratic Republic - 3
- Malaysia
- Maldives
- Marshall Islands
- Micronesia (Federated States of)
- Mongolia - 1
- Myanmar - 3
- Nauru
- Nepal - 3
- Niue
- Pakistan - 3
- Palau
- Papua New Guinea - 2
- Philippines - 5
- Republic of Korea
- Samoa - 1
- Solomon Islands - 1
- Sri Lanka - 2
- Thailand
- Timor-Leste
- Tonga - 1
- Tuvalu
- Vanuatu
- Viet Nam - 3

Numbers indicate ongoing programmes and projects
Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



PAKISTAN

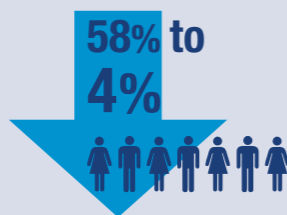
The Southern Punjab Poverty Alleviation Project has almost **eliminated extreme poverty** in its target area. It combines social protection, **skills training** and infrastructure development, and emphasizes **women's empowerment**.

2,472 solar homes had been delivered



9,857 toilets had been built

By 2019: Poverty had been cut from



80% of trainees were employed



Despite robust – albeit slowing – economic growth, the region of Asia and the Pacific faces formidable challenges in realizing the Sustainable Development Goals (SDGs). Inequality and marginalization continue to hold back progress – especially in rural areas, where the impacts of climate change are increasingly undermining livelihoods. Indeed, with 45 per cent of the world's climate-related disasters occurring in the region, climate resilience, along with addressing marginalization, is a major area of focus for IFAD here.

But this is also a region where transformation is continuing apace, with potential opportunities for those who have not yet benefited from the growth of recent decades. Long-term growth has enabled governments to invest in communications, transport and social protection programmes. And with incomes rising and the middle class expanding, the amount and types of food being demanded is changing. Through programmatic approaches focusing on rural women and youth, enabling rural communities to adapt to climate change, and improving nutrition outcomes, IFAD is promoting models of transformation that leave no one behind.

Gender-sensitive approaches to infrastructure development in Pakistan

The Southern Punjab Poverty Alleviation Project in Pakistan has slashed the prevalence of extreme poverty in target areas from 58 per cent to 4 per cent. To achieve this, IFAD used a holistic approach focused on women's empowerment, climate-sensitive infrastructure development, and social organization. The project delivered climate-safe and functional houses with running water, bathrooms and solar power to 2,472 families – with all the housing units registered in the name of women participants. Home ownership strengthened women's standing in their families as well as in the community and gave them a greater voice in decision-making.

Addressing nutrition in the Lao People's Democratic Republic

IFAD's work in improving nutrition is showcased in the Strategic Support for Food Security and Nutrition Project in the Lao People's Democratic Republic. Here, the Fund and its partners are promoting the diversification of diets away from rice by financing the farming of nutritious foods. Small-scale farmers learn about nutrition-sensitive farm techniques and how to prepare nutritious meals at farmer nutrition schools set up in over 140 villages. The project is expected to reach almost 200,000 people.

Climate solutions in Cambodia

On climate, IFAD is working in 20 provinces of Cambodia to help bring clean, renewable energy to small-scale farmers. Some 3,000 biogas digesters are being set up, while solar panels and grids, and solar generators and pumps, are being field-tested. These approaches are enabling local people to seize new opportunities. For example, one participant in the tests is using solar energy to breed crickets for sale to restaurants. Another is using a solar air pump to keep his fish pond oxygenated. And the new innovations are fuelling clean-burning ovens and stoves, reducing demand for wood and thereby fighting deforestation. The project is expected to result in a reduction of GHG emissions equivalent to almost half a million tonnes of CO² per annum.

Working with youth in Bangladesh

With respect to youth, IFAD is focused on creating opportunities by developing capacities. In Bangladesh, IFAD has been helping some 20,000 youth find jobs by training them in skills linked to local market demands. IFAD's vocational training project has taught participants to become skilled welders, electricians, plumbers, drivers and craftspeople, all certified by the Bangladesh National Skills Development Council. Of these, some 80 per cent have found employment while the remainder have started their own businesses with support from the project.

GLOBAL OPERATIONS BY REGION

East and Southern Africa

PORTFOLIO MANAGEMENT HIGHLIGHTS

43 ONGOING PROGRAMMES AND PROJECTS

in partnership with 16 countries in the region at the end of 2019

10 NEW PROGRAMMES AND PROJECTS

in Angola, Ethiopia (2 projects), Lesotho, Malawi, Mozambique (2 projects), Uganda and Rwanda (2 projects)

4 NEW country strategic opportunities programmes in Kenya, Lesotho, Rwanda and Zambia

US\$1,684.2 million

INVESTED BY IFAD in the region's ongoing portfolio


US\$452 million

IN NEW APPROVALS IN 2019

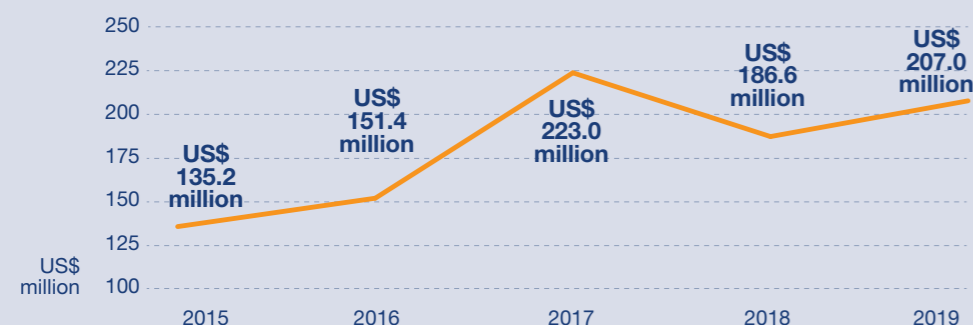
22 COUNTRIES

- Angola - 3
- Botswana
- Burundi - 5
- Comoros - 1
- Eritrea - 2
- Eswatini - 2
- Ethiopia - 3
- Kenya - 3
- Lesotho - 2
- Madagascar - 4
- Malawi - 3
- Mauritius
- Mozambique - 3
- Namibia
- Rwanda - 4
- Seychelles
- South Africa
- South Sudan
- Uganda - 3
- United Republic of Tanzania - 1
- Zambia - 3
- Zimbabwe - 1

Numbers indicate ongoing programmes and projects

 Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



RWANDA

The Project for Rural Income through Exports has enabled small-scale farmers to benefit from **export markets** through better **access to training, credit and technology**. It has led to increased returns for farmers from coffee, tea, sericulture and horticulture value chains.

By 2019: **149,335** people had been trained in production practices and/or technologies

Of whom **69%** were women

Farmers' coffee income had increased by **32%**



18,449 people had gained access to credit



In East and Southern Africa, young people under 24 years of age represent the largest share of the population, while in Africa as a whole it is projected that, by 2030, 30 million youth will be entering the labour market each year. As noted in IFAD's 2019 Rural Development Report, *Creating Opportunities for Rural Youth*, youth are key to achieving the SDGs. Generating livelihood opportunities for young women and men is therefore increasingly prioritized throughout IFAD activities.

Another priority is addressing the often stark gender inequalities that persist in rural areas of the region, impeding the livelihoods of women and children – as well as holding back the development of rural communities at large. Women's empowerment was therefore a focus of all projects throughout the year, with IFAD increasing the use of tailored approaches such as household methodologies for this purpose. Also emphasized in 2019 was supporting rural people in the region to adapt to increasingly disruptive regional climate change impacts.

Putting youth at the centre of projects

IFAD is tailoring the vast majority of new projects in the region to involve young women and men. Indeed, 67 per cent of new projects now feature specific activities, strategies and resources to ensure young people benefit. Successes include the Vocational Training and Agricultural Productivity Improvement Programme in Madagascar, targets youth with a broad range of schooling and training opportunities combined with technical and financial support for setting up income generating activities. The programme has provided professional training to 52,154 young people and created 19,033 new jobs.

Breaking down sources of gender inequality

During 2019, all new interventions were designed to ensure that women are equitably represented, in terms of both numbers and the roles they are playing, such as through membership of farmers' organizations. In Madagascar, the Support to Farmers' Professional Organizations and Agricultural Services Project doubled the number of women involved in decision-making, from 37 per cent to 74 per cent.

Projects also made increasing use of household methodologies such as the Gender Action Learning System (GALS) to promote gender equality in decision-making within households. GALS seeks to analyse and break down gender-based barriers in the home, allowing women and men to gain more control over their lives and work together on a basis of shared visions.

Bolstering resilience to climate change

With sub-Saharan Africa one of the regions most threatened by climate change, environmental and climate cofinancing have been fully integrated into new projects. In addition, more rigorous climate risk assessments have been carried out. For this purpose, IFAD has joined forces with the University of Cape Town to conduct climate vulnerability assessments.

For projects approved in 2019, climate finance represented 25.7 per cent of total IFAD funding. Further, IFAD is partnering with local and international private and public actors to promote innovative approaches to enable rural people to benefit from climate financing. For example, in Kenya, IFAD is working with partners including the national government, Coca Cola, local water authorities and international research centres as part of the Upper Tana Nairobi Water Fund. The initiative provides technology and training to local small-scale farmers to enable them to contribute to – and benefit from – work to protect the rich ecosystems surrounding the Tana River. In Ethiopia, IFAD is partnering with WFP and FAO to ensure women have access to improved wheat seeds and good agricultural practices that increase productivity and at the same time promote a sustainable climate smart approach.

GLOBAL OPERATIONS BY REGION

Latin America and the Caribbean

PORTFOLIO MANAGEMENT HIGHLIGHTS

28 ONGOING PROGRAMMES AND PROJECTS

in partnership with 17 countries in the region at the end of 2019

US\$553.8 million

INVESTED BY IFAD
in the region's ongoing portfolio

33 COUNTRIES

- Antigua and Barbuda
- Argentina - 2
- Bahamas (The)
- Barbados
- Belize - 1
- Bolivia (Plurinational State of) - 1
- Brazil - 5
- Chile
- Colombia - 1
- Costa Rica
- Cuba - 2
- Dominica
- Dominican Republic - 1
- Ecuador - 3
- El Salvador - 1
- Grenada - 1
- Guatemala
- Guyana - 1
- Haiti - 1
- Honduras - 1
- Jamaica
- Mexico - 2
- Nicaragua - 2
- Panama
- Paraguay - 2
- Peru - 1
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Suriname
- Trinidad and Tobago
- Uruguay
- Venezuela (Bolivarian Republic of)

Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

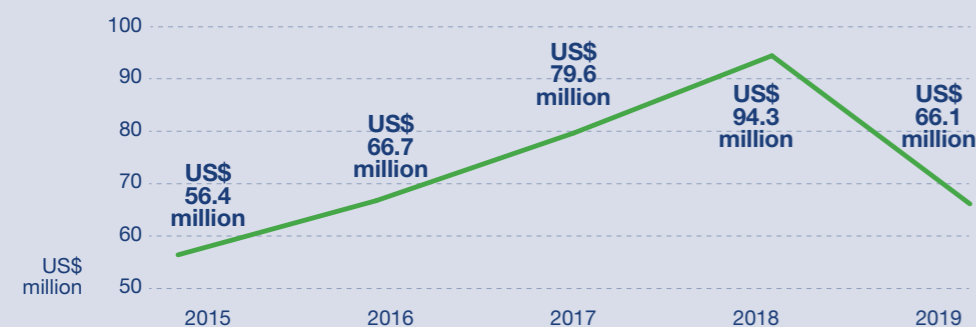
2 NEW PROGRAMMES AND PROJECTS

in Brazil and Cuba

US\$39.5 million

IN NEW APPROVALS IN 2019

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



In Latin America and the Caribbean, while economic transformation is relatively advanced, inequality and marginalization remain major challenges. IFAD is therefore stepping up efforts in the region to address the marginalization of groups at risk of being left behind. This is why, in 2019, IFAD prioritized ensuring greater numbers of women, youth and indigenous peoples benefited from its projects and programmes. Enabling rural people to adapt to climate change impacts is another area identified as key for addressing marginalization.

Involving women in project activities

In the Pro Semi-arid Project in Bahia, Brazil, "childcare circles" have been developed and so far have trained 362 women and men as childcare workers. This allowed more women – hitherto limited by having to look after their children – to take part in project activities. The project also introduced the use of agroecological logbooks that register the impact of women's production on food security and nutrition as well as on incomes and biodiversity. These initiatives have been scaled up by the other ongoing projects in Brazil.

Uruguay's Rural Inclusion Pilot Project also featured measures to ensure strong involvement among women. Specific initiatives included: providing training to turn women's community services into profitable enterprises; promoting women's access to land and livestock through co-ownership; and information campaigns that enabled a gender-sensitive environment for the project. Out of 130 rural organizations supported by the project, 32 consisted exclusively of women.

Reaching out to indigenous women

In the northern highlands of Guatemala, the Sustainable Rural Development Programme for the Northern Region has supported the establishment of 80 community-led saving groups comprising 5,000 indigenous women. These groups have managed to mobilize more than US\$1.3 million – funds that are now being used to provide microcredit in an area where no formal financial services are available for indigenous communities.

Getting youth on board

In Bolivia, the Economic Inclusion Programme for Families and Rural Communities (ACCESOS) showed that involving young people can help to tackle gender biases and norms. The project set a 50 per cent quota for youth, with these youth showing themselves to be less constrained by traditional gender roles than older adults. This contributed to women's participation in project activities growing to 55 per cent. This is one of many reasons IFAD activities are becoming even more focused on reaching out to young people.

Indeed, youth have been a particular focus in IFAD projects in the Caribbean. In Haiti, a grant programme implemented in collaboration with FAO supported young people in developing business plans. In neighbouring Grenada, the five-year Climate-Smart Agriculture and Rural Enterprise Programme, which opened in 2019, is providing vocational and skills training to unemployed and underemployed young people.

Adapting to the impacts of climate change

Adapting to climate change, often by using innovative technologies, is another key aspect of IFAD activities. This is the case of the Adapting to Markets and Climate Change Project in Nicaragua, where a technical unit has been created to support adaptation to climate change impacts. The agro-meteorological unit collects data from a wide network of stations across the country, which allows it to elaborate and disseminate weather bulletins through social networks, the internet and community radios. Farmers' organizations are then supported in developing climate-smart responses.

BOLIVIA

The ACCESOS programme emphasized **building resilience** to climate change, with associated social and **nutritional benefits**. It drew in part on indigenous **climate adaptation** practices.

When the programme closed in 2019:

Some **59,644** families had been reached

Of which **46%** were headed by women

Over **4,000** households had been provided with climate information services



6,870 hectares of degraded land had been restored



GLOBAL OPERATIONS BY REGION

Near East, North Africa and Europe

PORTFOLIO MANAGEMENT HIGHLIGHTS

35 ONGOING PROGRAMMES AND PROJECTS

in partnership with 17 countries and Gaza and the West Bank at the end of 2019

4 NEW PROGRAMMES AND PROJECTS

in Egypt, Morocco, Sudan and Tunisia

2 NEW country strategic opportunities programmes in Djibouti and Tunisia

US\$984.7 million

INVESTED BY IFAD
in the region's ongoing portfolio

US\$235.0 million


IN NEW APPROVALS IN 2019

23 COUNTRIES

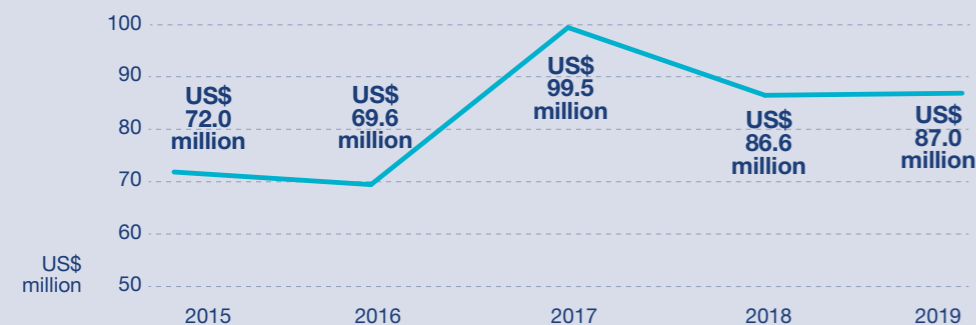
and Gaza and the West Bank - 1

- Albania
- Algeria
- Armenia - 1
- Azerbaijan
- Bosnia and Herzegovina - 1
- Djibouti - 2
- Egypt - 4
- Georgia - 2
- Iraq - 1
- Jordan - 2
- Kyrgyzstan - 2
- Lebanon
- Montenegro - 1
- Morocco - 3
- Republic of Moldova - 2
- Somalia
- Sudan - 2
- Syrian Arab Republic - 1
- Tajikistan - 2
- Tunisia - 3
- Turkey - 3
- Uzbekistan - 2
- Yemen

Numbers indicate ongoing programmes and projects

 Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



The fragile context characterizing much of the Near East, North Africa and Europe region poses serious challenges for rural communities. The persistence of long-lasting conflicts has contributed to significant flows of refugees and internally displaced people, while climate change-driven desertification is further worsening the already fragile regional landscape. Further, since conflicts often result in the collapse of agricultural production, the number of undernourished people in conflict-affected countries in the region has doubled over the last 10 years. Alarming, fragile institutions and economies often result in unequal societies, with the most vulnerable groups, especially youth and women, paying the highest toll.

In this complicated context, IFAD – building on its extensive experience tackling vulnerability and fragility – is building peace and stability through a comprehensive approach focused around strengthening institutions, addressing sources of climatic and environmental stress, improving nutritional outcomes, and creating opportunities for women and youth.

Building the bridge between humanitarian assistance and sustainable development

IFAD has established the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS), which is increasing social resilience by building community and institutional capacity to manage development and promote stability. FARMS also contributes to building peace by improving the management of natural resources to reduce the risk of natural resource-based conflicts. As of 2019, FARMS has raised over US\$40 million from Italy, Norway, Switzerland, the European Union, the OPEC Fund for International Development and Open Society Foundations.

Working with rural communities to adapt to climate change

IFAD-supported projects are helping rural populations to build resilience to the adverse consequences of climate change. The Livestock and Pasture Development Project in Tajikistan, for example, focuses on improving and adapting land management practices. Rainfed bare lands – whose conditions have worsened due to droughts – are converted into drought-tolerant tree plantations.

Together with seedlings and growboxes, IFAD is providing beneficiaries with technical training in how to maintain the plantations, harvest rainwater and process dried fruits.

Encouraging entrepreneurship among women and youth

Against a backdrop of some of the highest youth unemployment rates in the world, IFAD is promoting innovations and private sector engagement to create opportunities for young people. In Uzbekistan, the Dairy Value Chains Development Programme is supporting young innovators in contributing to the development of innovative technologies that address the dairy sector's most pressing challenges. The programme is based around the establishment of the Forum for Private-Public Collaboration, with local innovators called upon to provide technology-based solutions linked to milk production and food safety. To encourage the involvement of youth, the programme grants scholarships for postgraduate students' field research in relevant areas.

In Sudan, the IFAD-supported Agricultural Bank of Sudan Microfinance Initiative successfully is targeted at women, having turned 30,000 rural women into entrepreneurs. From buying useful agricultural materials, to setting up small businesses and supporting climate-change adaptation activities, the initiative has provided 70,000 loans, totalling US\$74.4 million. Rural women have benefited not only economically, but also from their leadership positions within village development committees and saving groups.

Boosting nutrition outcomes

An example of how nutrition is being integrated into activities is the Soil and Water Management Programme in Djibouti. With the support of the Djibouti Social Development Agency and the Ministry of Health, the programme provides community-based training focused on preventing maternal and child malnutrition. Training sessions are expected to reach 5,000 households, having already benefited more than 2,500.

SUDAN

Poverty rates fell sharply as a result of the Butana Integrated Rural Development Project. It focused on enhancing livelihoods by improving **climate-resilient** management of natural resources, expanding **access to markets** and building **community cohesion**.

When the project closed in 2019:

524,000 hectares

of land was under improved management and climate-resilient practices



Average crop and livestock productivity had increased by

90%



850 women had benefited from women's groups



Poverty had been cut from

50% to 12%



GLOBAL OPERATIONS BY REGION

West and Central Africa

PORTFOLIO MANAGEMENT HIGHLIGHTS

38 ONGOING PROGRAMMES AND PROJECTS

in partnership with 20 countries in the region at the end of 2019

10 NEW PROGRAMMES AND PROJECTS

in Burkina Faso, Cameroon, Democratic Republic of the Congo, The Gambia, Ghana, Guinea-Bissau, Liberia, Mali, Niger and Senegal

9 NEW country strategic opportunities programmes in Burkina Faso, Cameroon, Central African Republic, Democratic Republic of the Congo, The Gambia, Ghana, Liberia, Republic of the Congo and Senegal

US\$1,639.3 million

INVESTED BY IFAD
in the region's ongoing portfolio

US\$554.0 million

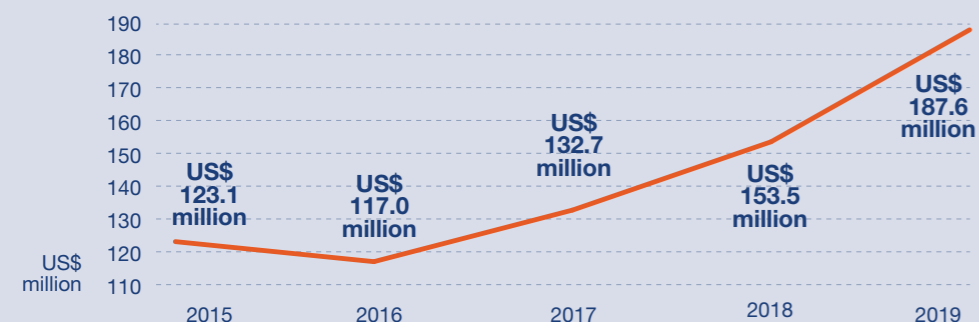
IN NEW APPROVALS IN 2019

24 COUNTRIES

- Benin - 3
- Burkina Faso - 2
- Cabo Verde - 1
- Cameroon - 1
- Central African Republic - 1
- Chad - 2
- Congo - 1
- Côte d'Ivoire - 2
- Democratic Republic of the Congo - 3
- Equatorial Guinea
- Gabon
- Gambia (The)
- Ghana - 2
- Guinea - 1
- Guinea-Bissau - 1
- Liberia - 3
- Mali - 2
- Mauritania - 1
- Niger - 2
- Nigeria - 3
- Sao Tome and Principe
- Senegal - 3
- Sierra Leone - 2
- Togo - 2

Numbers indicate ongoing programmes and projects
Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



The West and Central Africa region is still deeply marked by poverty, hunger, youth unemployment, vulnerability to climate change and rural marginalization, all of which threaten progress across the SDGs. Over 40 per cent of the population face extreme poverty, the vast majority of whom live and work in rural areas. Sixty per cent of young people are rural dwellers, with half being underemployed or unemployed. This has contributed to significant migration, both internal and external, exacerbated by growing insecurity in the Sahel region.

At the same time, opportunities abound – the region is home to some of the world's fastest growing economies (for example, Côte d'Ivoire and Ghana are both growing at 7 per cent or more annually), has a youthful, energetic population, and is increasingly benefiting from both domestic and international investment. In this context, and bearing in mind IFAD's renewed focus on the poorest countries and most fragile situations, IFAD has stepped up its investment in the region, working in close partnership with governments, other development agencies – in particular the Rome-based agencies (RBAs) – civil society and the private sector.

Stepping up investment, with a focus on the Sahel

The year saw an unprecedented increase in programme delivery, with US\$536 million of additional IFAD resources mobilized for new investments and close to US\$200 million disbursed through ongoing programmes. A major focus in 2019 was the Sahel area, where targeted investments strengthened resilience and created economic opportunities and employment for vulnerable rural dwellers. New operations in Burkina Faso, The Gambia, Mali, Niger and Senegal brought the total value of IFAD-supported projects in the Sahel countries to US\$1.54 billion, of which US\$846 million represented IFAD financing.

Within a generally increased focus on region-level projects, a US\$3.5 million grant was approved to support family farming, regional markets and cross-border trade corridors in the Sahel. IFAD is also actively engaged in the RBA plan of action for the Sahel.

Enhancing quality and impact

In parallel with increased investment, IFAD introduced innovative ways of strengthening the quality and impact of its regional portfolio. For example, an operational scorecard for monthly divisional reporting was developed as a management tool for enhanced planning and monitoring of results. In addition, supported by effective decentralization, close implementation support and policy dialogue were proactively pursued in-country to strengthen governance and transparency, notably through the closer engagement of citizens.

Building on success on youth and nutrition themes

Key themes such as youth employment and nutrition are becoming ever more embedded in projects and IFAD is working to share its knowledge in these areas. Overall, 78 per cent of the new projects were nutrition- and youth-sensitive. The ongoing Youth Agropastoral Entrepreneurship Promotion Programme in Cameroon is a good example of a successful comprehensive approach to supporting and promoting youth entrepreneurship along agropastoral and fisheries value chains by addressing the specific needs of young people and vulnerable groups, especially women. And IFAD is doing more to share its unique knowledge in working with youth: for example, a first International Youth Agropastoral Entrepreneurs Summit in Yaoundé gathered over 500 delegates from 35 countries and four continents to hear from inspiring young women and men on harnessing the potential of youth for sustainable rural transformation.

Similarly, a sharing and learning workshop on nutrition-sensitive agriculture was held in Côte d'Ivoire in March with key regional stakeholders.

NIGERIA

The Value Chain Development Programme and Commodity Alliance Forum, implemented in partnership with Olam International and the Nigerian Government, was a finalist for the P3 Impact Award, recognizing positive impacts on the livelihoods of small-scale producers.

By 2019:

Production had increased to

450,000 mt of rice
worth US\$225 million

665,000 mt of cassava
worth US\$45 million



5,000 decent new jobs had been created

42% women
40% youth



79% of beneficiaries had increased incomes by **25%**

IFAD in numbers

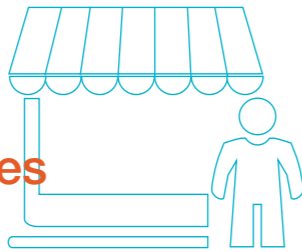
Maximizing our contribution to the SDGs

IFAD's work with poor rural people is indispensable for ending poverty and achieving zero hunger (SDGs 1 and 2).

Our work also cuts across key issues that are central to the SDGs – such as gender equality (SDG 5), decent work (SDG 8), reduced inequalities (SDG 10), climate action (SDG 13), environmental sustainability (SDG 15) and partnerships (SDG 17). We are doing more to reach more rural people.

OUTREACH OF IFAD-SUPPORTED PROJECTS

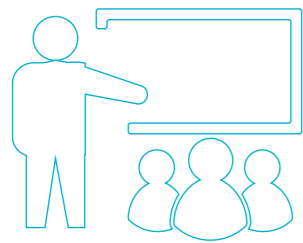
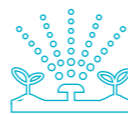
Microenterprises
163,637
microenterprises
gained access to business promotion services



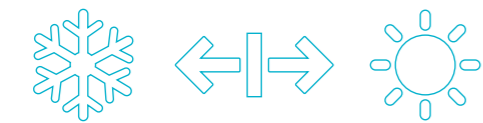
Natural resource management
3.1 million
hectares of land
under improved management



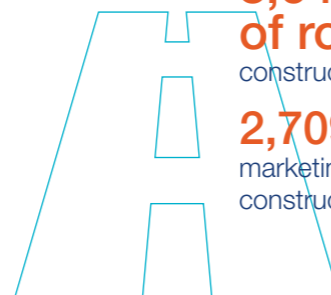
58,000
hectares
under irrigation schemes



Training
2.6 million
trained in crop and livestock production practices and technologies



Climate change adaptation
2.6 million people
in small-farm households supported in coping with the effects of climate change



Infrastructure
8,645 kilometres
of roads
constructed or repaired

2,709
marketing facilities
constructed/rehabilitated



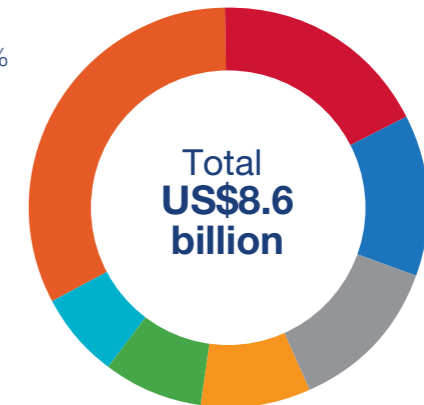
Outreach indicators measure the cumulative number of people receiving services from all ongoing projects. While the individual indicators report only the number of participants in a specific project activity, the total outreach figure includes all direct beneficiaries and members of the same household. Figures reported are for 2018.

Agriculture and natural resource management remain IFAD's core area of work, with a focus on small-scale farmers. At the same time, providing complementary support – financial services, infrastructure, developing rural small and medium-sized enterprises (SMEs) – is increasingly key to address the challenges associated with achieving zero hunger.

IFAD CURRENT PORTFOLIO FINANCING BY SECTOR

(as at 31 December 2019)

- Agriculture and natural resource management^a - 33%
- Community-driven and human development - 7%
- Market and related infrastructure - 18%
- Microenterprises and small businesses - 9%
- Policy and institutional support - 8%
- Rural financial services - 13%
- Other^b - 13%



^a Agriculture and natural resource management includes irrigation, rangelands, fisheries, research, extension and training.
^b Other includes communication, culture and heritage, disaster mitigation, energy production, financing and preparation charges, knowledge management, management and coordination, monitoring and evaluation, and unallocated. Any discrepancy in totals is the result of rounding.

Showing the impact of IFAD's work

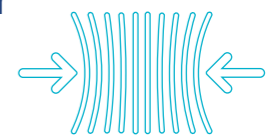
In 2019, IFAD published the results of its IFAD10 impact assessments, showing significant impact on IFAD project beneficiaries in terms of production, market access, resilience and economic mobility.

AS A RESULT OF IFAD PROJECTS AND PROGRAMMES, IFAD BENEFICIARIES, RELATIVE TO COMPARABLE NON-BENEFICIARIES:

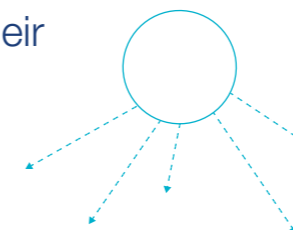
Increased their **production**
+44%



Increased their **resilience**
+13%



Increased their **market access**
+76%



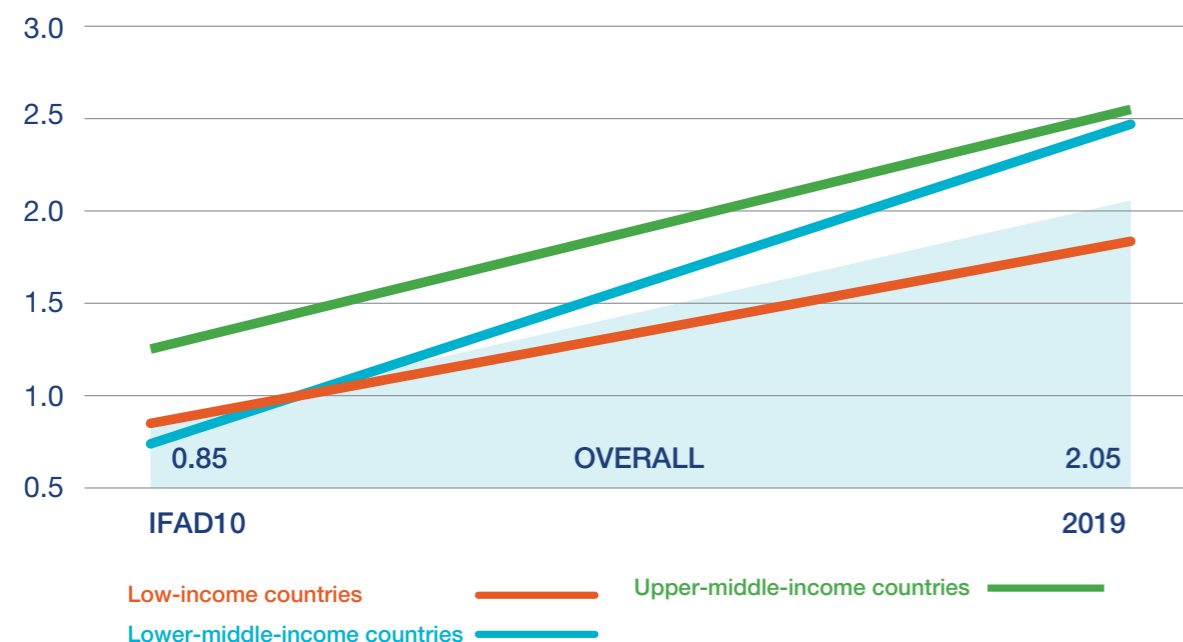
Increased their **economic mobility**
+74%



Doing more to maximize IFAD's impact

To expand impact and improve quality in a context of constrained official development assistance, IFAD is working to assemble finance and create partnerships between domestic and international development actors. At the same time, to focus on our core work, we will continue to rely heavily on replenishment contributions from our Member States.

COFINANCING RATIOS

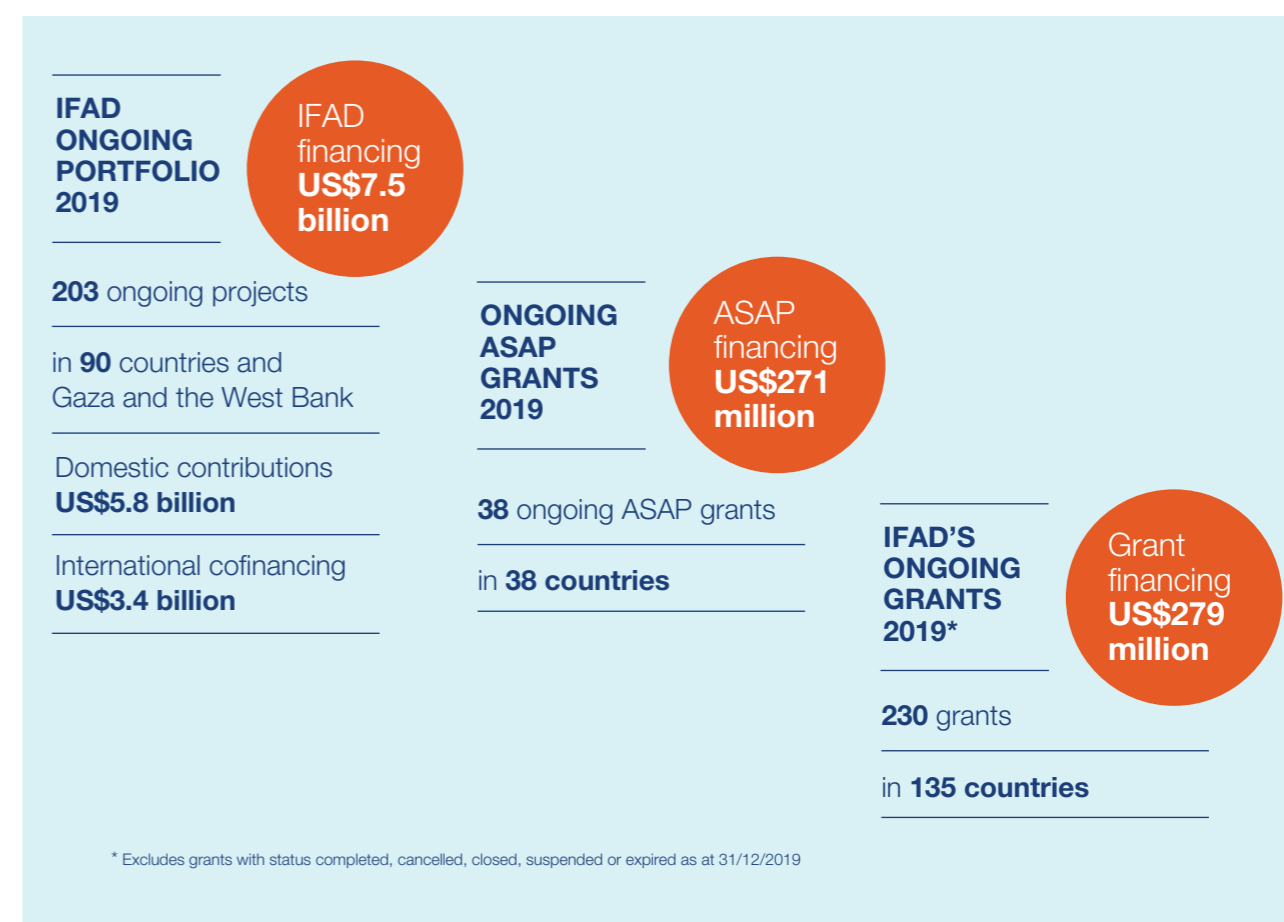


CLIMATE AND ENVIRONMENT FINANCING

US\$45.7 million mobilized
in 2019 from these sources

INITIATIVES TO ENHANCE INVESTMENTS

<p>Agri-Business Capital Fund (ABC Fund)</p> <p>Launched in 2019</p>	<p>Smallholder and Agri-SME Finance and Investment Network (SAFIN)</p> <p>Mobilized capital and identified opportunities for financing in pilot countries</p>	<p>Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa)</p> <p>Launched in 2019</p>
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PROGRESS TOWARDS IFAD11 REPLENISHMENT TARGET

92 countries
have pledged **US\$1.01 billion**
as of December 2019

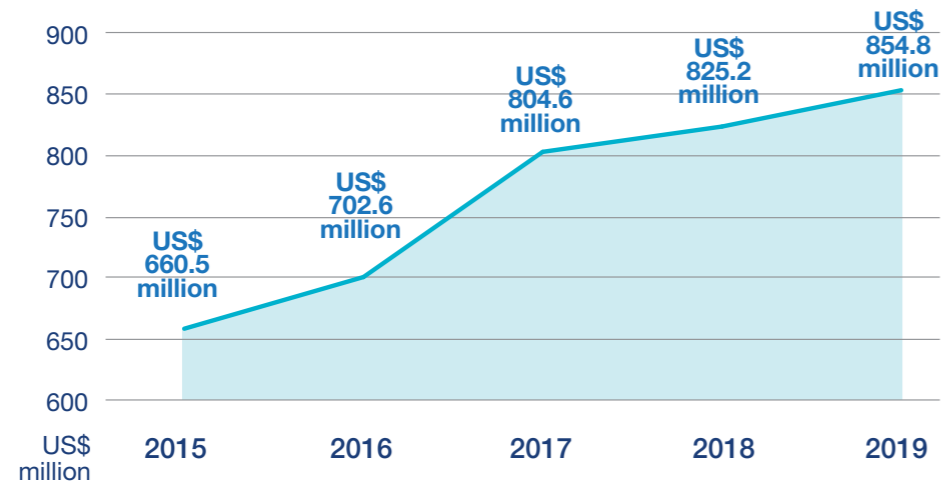


Delivering more efficiently

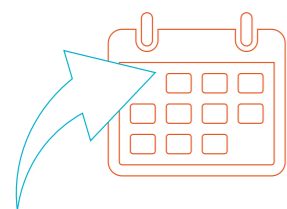
IFAD has introduced institutional reforms to increase efficiency and deliver more, in terms of the programme of loans and grants. This includes continuing the shift to larger, more efficient projects.

DISBURSEMENTS

US\$ million

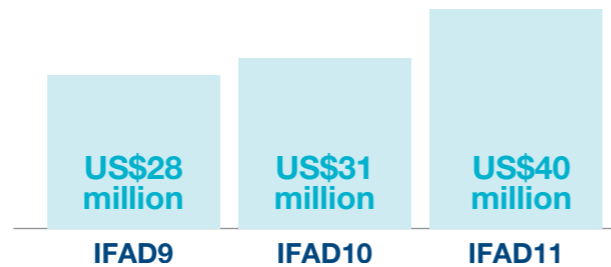


Average IFAD financing per project



Average time from entry into force to first disbursement was **12.5 months in 2016**

In 2019, it is down to **8.1 months**



As a result of improved efficiency in 2019

Disbursements increased by **+US\$29.6 million**

US\$ 825.2 million → US\$ 854.8 million



New financing for programmes and projects was up **US\$475.5 million**

+40%

THIS TRANSLATED INTO **34 NEW PROJECTS**

Focusing on the poorest and most vulnerable countries

We are ensuring that we remain focused on countries with the greatest need. Growing attention is being paid to countries in fragile situations, while the traditional emphasis on the poorest countries remains a bedrock of IFAD's work.



24% of IFAD investment was in countries with fragile situations with **US\$391 million** in loans and grants invested



8 new COSOPs were approved in countries with fragile situations (including vulnerability assessments)



90% of IFAD investment is going to low-income countries and lower-middle-income countries



59% of IFAD resources directed to sub-Saharan Africa

Reaching the poorest people

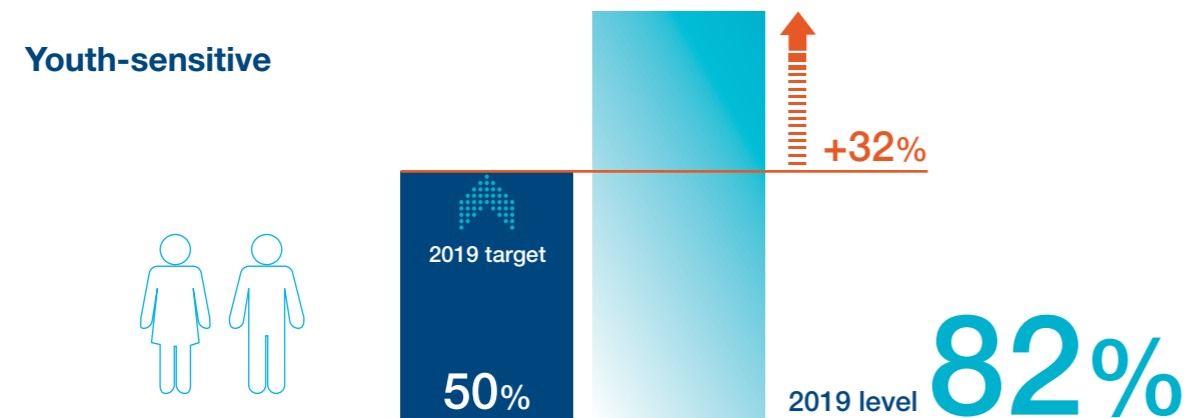
We are intensifying efforts to mainstream key themes throughout our work to ensure that IFAD's activities are tailored to the needs of those at most risk of being left behind. Results for each of the themes are above target.

RESULTS AGAINST TARGETS FOR MAINSTREAMING THEMES AT PROJECT DESIGN

Gender-transformative



Youth-sensitive



Climate financing



Nutrition-sensitive

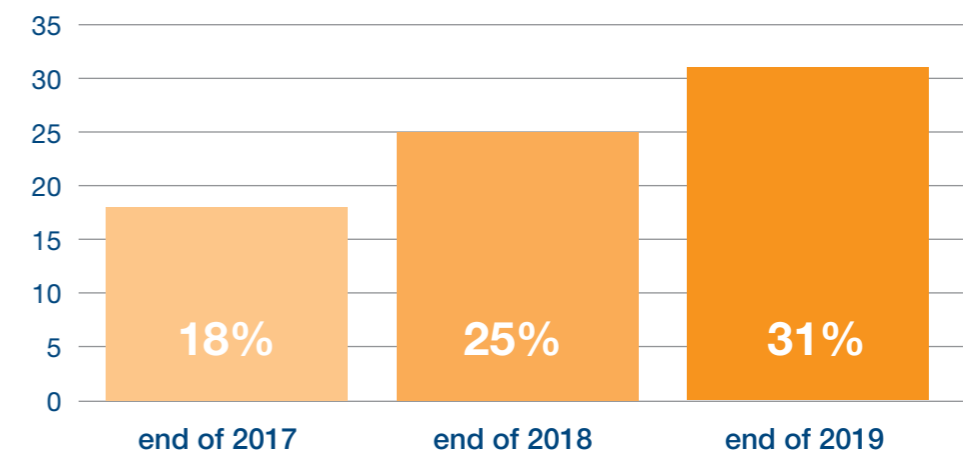


51% of people receiving services from IFAD-supported projects were women

Building responsiveness at the country level

In order to increase responsiveness to country-specific contexts, enhance country-level policy engagement and deepen partnerships in-country, IFAD continues to expand its field presence.

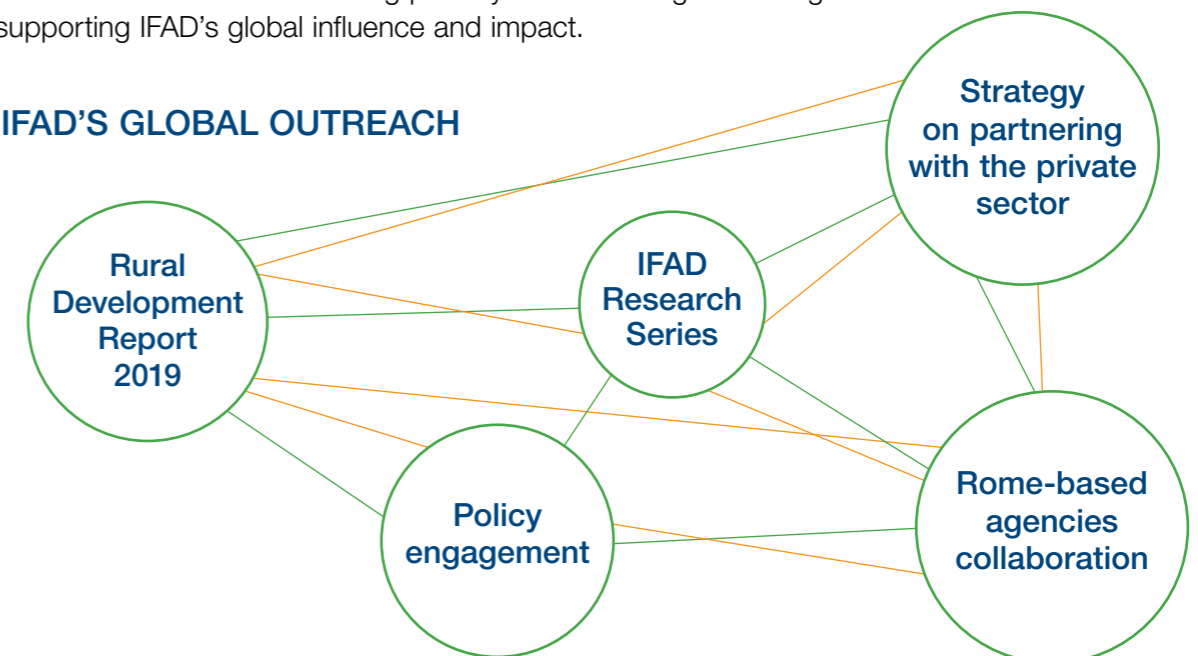
SHARE OF STAFF BASED IN THE FIELD



Sharing IFAD's knowledge

IFAD's business is not only its projects and programmes. We are increasingly contributing to the development of global knowledge and expertise related to rural transformation, and to engaging in policy-related discussions at the global, regional and national level to advocate for more investment in rural areas. Greater emphasis on partnering with public and private actors involved in ending poverty and achieving zero hunger is also supporting IFAD's global influence and impact.

IFAD'S GLOBAL OUTREACH



IFAD AT A GLANCE 1978-2019^{a, b}

	2015	2016	2017	2018	2019	1978-2019	
Operational activities^{c, d}							
Loan and DSF grant approvals							
Number of programmes and projects	37	22	34	28	34	1 125	
Amount	US\$ million 1 143.4	703.7	1 276.2	1 121.3	1 625.4	20 961.6	
Grant approvals							
Number	70	53	56	49	36	2 879	
Amount	US\$ million 73.6	56.9	61.6	67.8	39.5	1 269.5	
Adaptation for Smallholder Agriculture Programme Trust Fund							
Number	14	5	3	-	-	43	
Amount	US\$ million 84.1	29.0	5.0	-	-	271.0	
Total IFAD loan and grant operations							
	US\$ million						
Cofinancing	US\$ million	849.9	131.2	146.0	336.5	1 577.3	12 632.2
Multilateral		817.6	73.2	129.1	214.3	1 436.4	10 322.2
Bilateral		21.2	54.1	3.0	25.3	123.4	1 940.1
NGO		-	4.0	7.8	1.4	13.3	78.5
Other ^e		11.1	-	6.1	95.6	4.3	291.4
Domestic contributions	US\$ million	804.0	367.2	718.2	686.7	1 460.3	17 400.3
Total programme and project cost^f	US\$ million	2 881.3	1 239.8	2 126.6	2 160.3	4 677.3	51 462.0
Programmes and projects							
Number of effective programmes and projects under implementation	231	212	211	206	203		
Number of programmes and projects completed	29	36	27	29	37	888	
Number of approved programmes and projects initiated by IFAD	34	21	31	27	29	951	
Number of recipient countries/territories (current portfolio)	99	98	99	101	94		
Loan disbursements	486.7	538.9	631.1	626.8	625.9	12 311.5	
DSF grant disbursements	125.6	123.8	127.7	138.7	174.7	1 246.9	
Loan repayments^g	320.8	299.2	315.9	341.9	370.5	6 749.0	
Membership and administration							
Member States – at end of period	173	176	176	176	176		
Professional staff – at end of period ^h	364	378	378	389	441		

a IFAD loans and DSF grants for investment programmes and projects are denominated in special drawing rights. For the reader's convenience, tables and charts use figures shown in US\$ equivalents, as per the President's report for each programme or project approved by the Executive Board. Any discrepancy in totals is the result of rounding.

b Figures for 1986-1995 include the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

c Excludes fully cancelled programmes and projects. Excludes the Programme Development Financing Facility.

d The Smallholder Commercialization Programme approved in 2011 for Sierra Leone and the Strategic Support for Food Security and Nutrition Project in the Lao People's Democratic Republic approved in 2016 are supervised by IFAD and funded by a grant from the Global Agriculture and Food Security Program. The programmes are counted under the number of programmes and projects but have no IFAD financing.

e Includes financing under basket or similar funding arrangements and financing from private sector resources.

f Includes DSF grants and component grants, and excludes grants not related to investment projects. Includes other non-regular financing managed by IFAD such as the Fund for Gaza and the West Bank and the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS).

g Loan repayments relate to principal repayments and include repayments on behalf of Heavily Indebted Poor Countries Debt Initiative countries.

h Includes national professional officers in country offices.

HIGHLIGHTS OF THE YEAR

2019

Rural Development Report 2019 “Creating opportunities for rural youth” – brings rigorous and up-to-date evidence into the development policy discourse on why and how to invest in rural youth to drive an inclusive rural transformation agenda

Rural Youth Action Plan – sets out a framework to guide youth-sensitive investment in agriculture and rural development throughout IFAD's projects and programmes

Average IFAD financing per project has risen to US\$40 million from US\$31 million in IFAD10 and US\$28 million in IFAD9.

Project design time was cut in 2019 to 10 months from 17 months in 2016.

Sharp increase in cofinancing – the overall cofinancing ratio rose to 1:2.05 from 1:0.85 in IFAD10.

Working with the private sector – A new private sector strategy is focused on mobilizing funding for rural people's businesses and expanding markets and job opportunities in rural areas.

ABC Fund – IFAD, the European Union, the African, Caribbean and Pacific Group of States, the Alliance for a Green Revolution in Africa, and the Government of Luxembourg launched the Agri-Business Capital Fund, with IFAD as sponsor.

Minimizing risks – IFAD is to implement a Capital Adequacy Policy to quantify the Fund's risk exposure and determine the level of capital required to support existing and new transactions.

Mainstreaming priorities – Climate change, gender, youth and nutrition figured increasingly in IFAD programmes and projects. For example, 76% of new projects were youth-sensitive and 58% were nutrition-sensitive.

New IFAD Procurement Manual to provide guidelines on procurement in COSOP development, project design, supervision and completion.

The new IFAD Client Portal allows IFAD partners to securely conduct business and access relevant financial and operational information. It has improved institutional efficiency and transparency.

Spotlight on quality assurance

Enhancing quality is clearly central to IFAD's ambitions in and around its contribution to ending poverty and achieving zero hunger. This means we must continue to adapt and improve the way we tailor our work to addressing the challenges rural communities are facing.

Improved quality means greater impact. Essential for achieving impact on the ground are three elements: strong country ownership, sound project management and sufficient flexibility to make design adjustments during a project. These and other elements were emphasized in the context of an intense corporate focus in 2019 on design quality. Consequently, IFAD further strengthened its quality assurance apparatus to improve the quality "at entry" – that is, before approval by the Executive Board – of its country strategies, loan-funded projects and grant-financed activities.

We have also streamlined our design and review processes, ensuring that any lessons learned are widely disseminated to inform future designs. In addition, IFAD's final ratings methodology was made more consistent, enabling the Fund to guarantee accountability, identify systemic issues, and allow comparison between quality at entry and during implementation.

Focusing on improving quality

As part of IFAD's push to streamline its processes and improve the quality of its operations, IFAD Management committed the Fund to "front-loading" project approval in the first year of IFAD11. That made 2019 a bumper year in terms of the quantity of projects being designed and destined for Executive Board approval, with 42 loans and 13 proposals for additional financing passing through the quality assurance review process.

The year 2019 was one of record approvals (US\$1.67 billion) for IFAD. At the same time, we also fully rolled out the recalibrated project design

process. In all, 54 projects went through the new process, which adopts a risk-based approach to determine the appropriate review and approval process. Of the 54 projects approved, 13 were considered "track 1" projects, requiring high corporate attention and presenting higher risks.

Improved quality means greater impact

A comprehensive analysis of ratings revealed that the projects approved in 2019 had the highest average rating for overall quality of design since 2013. Areas of strength in design included alignment with IFAD and government policies, mobilization of cofinancing, assimilation of lessons from the past, and analysis of project context.

Likewise, the grant programme was also sizeable, with 53 concept notes for grants being presented for internal approval throughout the year. By the end of 2019, global/regional grants for a total value of US\$25.3 million had been approved. In addition, loan-component grants worth US\$14.2 million had been agreed as part of investment projects. In 2019, we conducted an overall assessment of projects funded under the regular grants programme, to identify opportunities, challenges and lessons learned to strengthen the effectiveness and efficiency of the programme. This assessment will also provide the foundations for the preparation of a revised corporate regular grants policy for consideration by the Board in 2020.

Enhancing country strategies

A large number of country strategic opportunities programmes (COSOPs) came up for review in 2019. The 16 strategies were the first batch to be reviewed under the new guidelines approved by the Board in December 2018. The new

guidelines prioritize: tailoring COSOPs to a country's particular context; consulting and involving partner governments; and ensuring that IFAD's internal processes are efficient, focused and cost-effective. The new COSOPs, based upon a more robust analytical and strategic underpinning, are already showing marked improvements, in particular in enhancing clarity, focus and relevance. Additionally, supporting the strengthening of results frameworks, improved alignment with relevant SDGs, government policies and strategies, as well as alignment with IFAD's own corporate strategies, have also been identified as benefits from the revised guidelines.

Building knowledge and sharing lessons

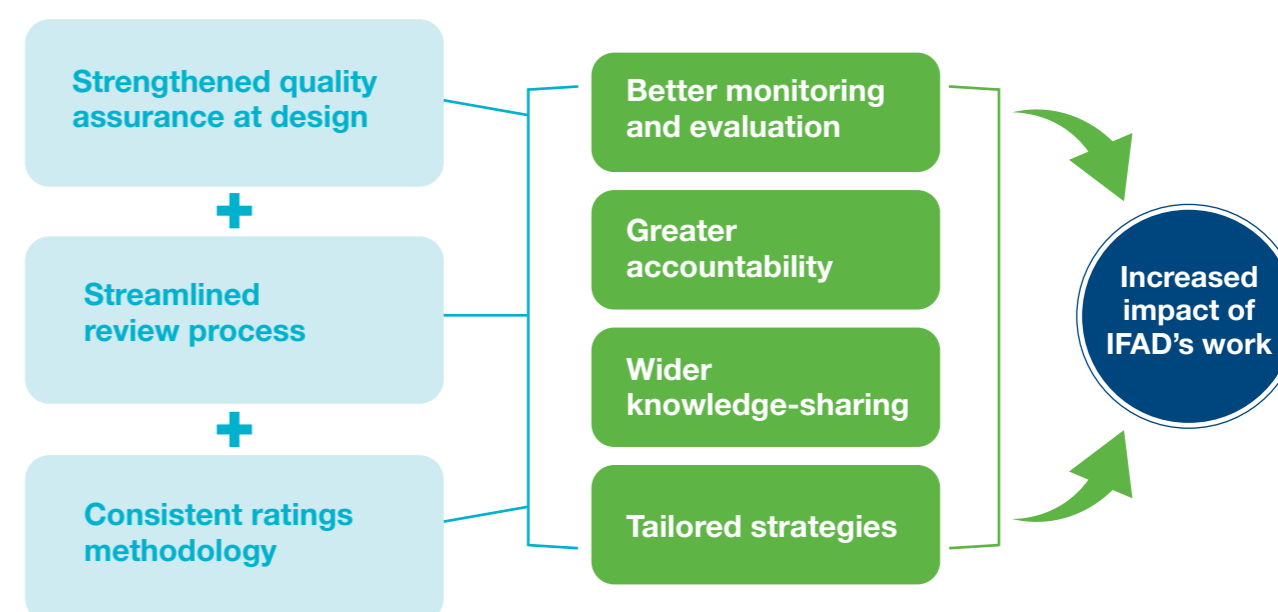
In 2019, IFAD's Quality Assurance Group (QAG) used its unique vantage point to generate lessons and suggest good practices for IFAD operations and country strategies. QAG became more proactive in sharing such lessons and driving conversations about quality. In the second part

of the year, QAG organized three learning events (including a QAG Learning Series event on COSOP design quality) and launched the QAG VIEW – a tri-annual insights pamphlet based on lessons taken from quality-at-entry design reviews. QAG staff participated in regional divisional

IFAD's Quality Assurance Group became more proactive in sharing lessons and driving conversations about quality

workshops in Brazil, the Republic of Korea and Turkey – holding sessions on quality at entry, and QAG's reviews and role. The aim was to bring QAG's viewpoint to bear on improving the quality of project, grant and strategy design, strengthening knowledge dissemination, and providing guidance and clarity on QAG's methodology and procedures.

ENHANCING THE QUALITY OF IFAD OPERATIONS



Focus on measuring results and impact

As stated in its Strategic Framework 2016-2025, the overarching goal for IFAD is to invest in rural people to enable them to overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods. IFAD pursues this goal through three closely interlinked and mutually reinforcing strategic objectives:

- Increasing poor rural people’s productive capacities
- Increasing poor rural people’s benefits from market participation
- Strengthening the environmental sustainability and climate resilience of poor rural people’s economic activities.

To hold itself accountable on progress made in achieving this goal and these three strategic objectives, IFAD has adopted a unique approach to reporting impact at the corporate level, building on rigorous project-level evaluations.

This initiative is a key element of our drive to improve the quality of the Fund’s operations, and to ensure alignment with corporate strategies and with the SDGs.

The Development Effectiveness Framework, which stipulates that approximately 15 per cent of IFAD’s portfolio of projects should undergo rigorous impact assessment, provided the overall guidelines for carrying out the impact assessments.

The results of the assessments completed as part of the IFAD10 Impact Assessment Initiative were presented to the Executive Board in September 2019. The analysis showed significant impacts on the lives of project beneficiaries relative to the corporate goal of greater economic mobility and its three supporting strategic objectives. In line with these findings, the preliminary results of the corporate impact assessment show that IFAD10 has exceeded its targets for its overall goal of fostering economic mobility and for two of the three strategic objectives.

Showing how projects impact beneficiaries

Globally, beneficiaries are significantly better off as a result of IFAD-sponsored projects. Overall, the number of people benefiting – in terms of economic mobility, production, market access and resilience – is above the targets set for IFAD10.

Capturing lessons to widen and deepen the impact of future projects

The impact assessments have provided significant learning, with lessons contributing to IFAD’s drive to enhance the quality of its operations.

Linked objectives. The assessments demonstrated the benefits associated with having focused, interlinked activities and objectives are greater than those from projects with more diversified or unlinked interventions. For example, in the Guangxi region of China, where infrastructure interventions were combined with marketing activities, the impact on production was 70 per cent, against 51 per cent in comparative projects without complementary activities.

Value chain approach. To achieve the best impacts from market participation, linked and coordinated approaches need to be taken into account to address all constraints along value chains – for example in credit, market access, market information and links with consumers. This was demonstrated by projects in Bangladesh, Nepal, the Philippines, and Sao Tome and Principe.

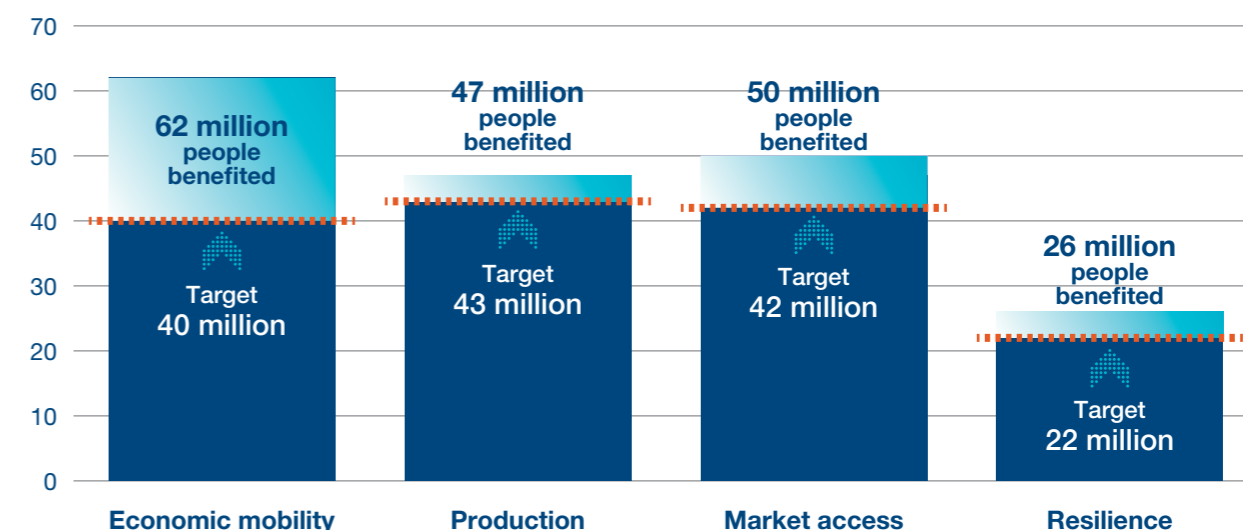
Integrated risk management. Sustained impacts are much more likely when precautionary measures to manage the risks associated with extreme events are integrated into projects. For example, in a project in the highlands of Ethiopia, small-scale irrigation proved to be an effective risk mitigation strategy against drought, with project impacts in production and market access (51 per cent and 175 per cent, respectively) significantly higher than comparison groups.

IFAD is the only international financial institution that conducts this type of corporate-level impact assessment where the corporate impact estimation builds on the use of project-level impact assessments chosen to be representative of its portfolio. Beyond accountability, the findings

Globally, IFAD beneficiaries are significantly better off as a result of IFAD-supported projects

from impact assessments also provide essential lessons that can inform decision-making. In addition, the impact assessments are designed in close collaboration with local stakeholders and government counterparts and this process ensures the significance of the results for the Fund. To this end, the findings have the potential to feed into

IFAD10 INVESTMENT IMPACT ON BENEFICIARIES



improvements in the effectiveness, efficiency and overall relevance of IFAD operations for the SDGs.

In addition, IFAD's Independent Office of Evaluation (IOE) contributes to the extraction of valuable lessons from projects and programmes.

For example:

- A 2019 corporate-level evaluation on pro-poor value chains found that our project design is improving in this area and provided recommendations on partnerships, outreach to poor people and gender analysis that will support us in making further quality improvements in future operations.
- An evaluation synthesis on inclusive financial services provided lessons on transitioning to new types of financial services that will inform future designs.
- A second evaluation synthesis focused on technical innovations for rural poverty reduction, offering important insights into how partnerships can help manage the risks associated with innovations.

Also, with respect to evaluations and their role in encouraging learning and positive change, in 2019 IOE jointly launched a new prize recognizing outstanding evaluations of development interventions that promote transformational change and are linked to the SDGs. The biennial competition, "Evaluating Development Interventions for Transformational

Change Award" was developed jointly by IOE, the Independent Evaluation Group of the World Bank Group and the International Development Evaluation Association. The role of learning

The impact assessments have provided significant learning

was also a theme during IFAD's hosting of the launch of the book *Information and Communication Technologies for Development Evaluation*, which examines the implications of new and emerging technologies in development evaluation and in particular the added challenges of charting progress towards the 2030 Agenda.

Staff development

As IFAD addresses an increasingly complex set of global challenges and adapts its operational model to maximize contribution to the SDGs, complementary approaches are needed to support staff to further develop their skills and knowledge.

Supporting enhanced presence in the field

In order to support a fit-for-purpose reform process and increase IFAD's in-country presence to improve responsiveness and in-country partnerships, IFAD's Human Resources Division conducted four ad hoc reassignment exercises between January 2018 and July 2019. Each exercise had a specific scope and objectives, with a varying level of complexity related to the number of positions and staff involved. These exercises, affecting more than 35 per cent of staff, allowed IFAD to implement the necessary structural changes for its decentralized model in order to reach the target of basing 33 per cent of positions in the field. At the end of 2019, 31 per cent of fixed-term staff were field-based.

As part of the IFAD Accelerated Decentralization Plan, in 2019 the Field Support Unit (FSU) coordinated with relevant divisions the outposting and/or onboarding of 96 staff to IFAD country offices (49 international staff and 47 national staff). In 2019, FSU also coordinated the establishment of four host country

agreements between IFAD and the Governments of Bangladesh, the Philippines, Saudi Arabia and South Africa to facilitate operations at the country level from a juridical point of view. To date, IFAD has a total of 37 such agreements signed. FSU further coordinated and ensured the establishment of 15 service-level agreements and/or memorandums of understanding and/or direct/indirect lease agreements with hosting agencies and/or other service providers to facilitate the running of operations at the country level.

Developing skills and capacities

Throughout 2019, initiatives were taken to support staff in developing the skills they need to adapt to the changing needs of the Fund in the context of decentralization, and for delivering results that contribute to the SDGs. These included a new leadership development programme for supervisors, an executive coaching programme for directors, professional qualification programmes such as International Coach Federation certification, and an expanded e-learning platform. In the framework of a decentralized working environment, the learning approach, in most cases, is a blend of e-learning, virtual workshops and personal interactions. Key initiatives included capacity-building for staff through participation in regional workshops and retreats, delivery of country office-focused training sessions, extensive training in travel processes and in safety and security, organization of briefings for staff relocated to the field, and coordination of security activities related to decentralization. In terms of numbers, 68 training sessions took place and more than 1,000 e-learning modules covering a wide array of topics were introduced.

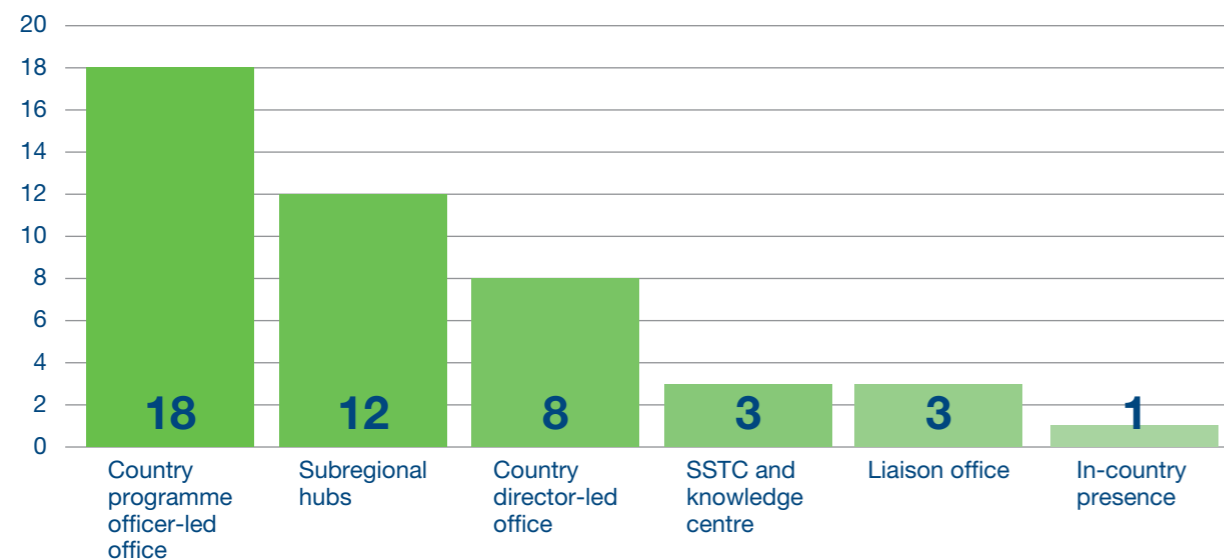
Capacity development of staff is also important to ensure the success of reforms in IFAD's financial architecture. In this context, the Accounting and Controller's Division continues to support staff to register and complete the joint Chartered Institute of Public Finance and Accountancy-IFAD Corporate Finance Qualification Programme. As of 2019, over 30 staff had registered from 11 divisions, with seven candidates having successfully achieved the international certification and more to follow.

Ensuring an ethical working environment

Part of ensuring IFAD is able to attract and retain world-class staff is ensuring a positive and respectful work environment. In this respect, the Ethics Office promotes IFAD's Code of Conduct and core values, provides confidential guidance to staff and managers, and reviews allegations of

unethical behaviour. IFAD has given high priority to combating all forms of sexual harassment and sexual exploitation and abuse. Following the Secretary-General's request to all United Nations bodies, the Ethics Office led an IFAD multidivisional task force to strengthen rules and procedures and to oversee full implementation of IFAD's policy on preventing and responding to sexual harassment, exploitation and abuse. In June 2019, IFAD launched its first awareness campaign on this policy entitled "Speak up, Report, Support". To support these efforts, the Ethics Office and Communications Division worked together to produce a video that is available on the IFAD website in all of IFAD's official languages.

COUNTRIES IN WHICH IFAD OPERATES



Highlights of IFAD's work to empower rural people

IFAD's overarching focus – investing in rural people – means adopting a people-centred approach, providing rural women and men with the tools and opportunities they need to improve their livelihoods. This is central to SDG implementation, in particular ending poverty (SDG 1) and achieving zero hunger (SDG 2). In 2019, much progress was made in enhancing existing approaches, tools and strategies to empower rural people, while several new initiatives were launched.

Mainstreaming priority themes into IFAD's work

IFAD has identified key themes that are central to our mission – climate change, environmental resources, gender, youth and nutrition. To continue empowering more rural people through

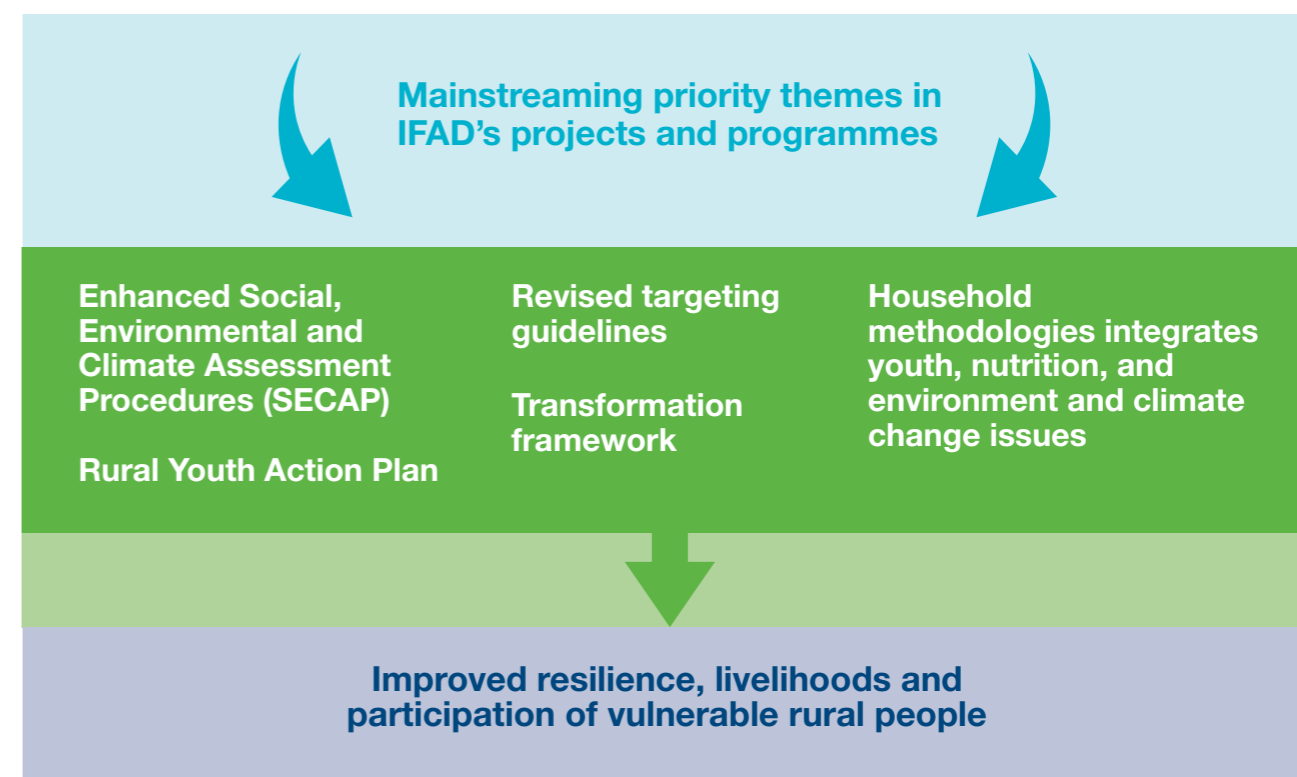
our operations, we need to mainstream these themes throughout IFAD's operations and we have made a variety of commitments in this respect.

In order to achieve IFAD11 mainstreaming commitments, IFAD has revised its business

We have identified themes that are central to our mission – climate change, environmental resources, gender, youth and nutrition

and planning processes and is building the necessary capacities while also developing tools and approaches for use in the design and implementation of IFAD country programmes.

EMPOWERING RURAL PEOPLE



For example:

- Enhanced Social, Environmental and Climate Assessment Procedures (SECAP)
- Revised targeting guidelines
- A new transformation framework
- Adaptation of the household methodologies to integrate youth, nutrition, and environment and climate change issues
- A new Rural Youth Action Plan

Results for 2019 indicate IFAD is well ahead of targets in all four priority areas. On climate, all 34 new projects approved in 2019 were screened for climate risk using the SECAP procedures, with US\$568 million total investment constituting climate finance, equivalent to 34 per cent of total investment, compared with a target of 25 per cent. On youth, 82 per cent of the 34 projects at design were youth-sensitive, exceeding IFAD11 targets. For gender, 34 per cent of approved project designs were rated gender-transformative and 58 per cent of projects were rated as fully gender mainstreamed or better at completion, against targets of 25 per cent and 60 per cent, respectively. Progress has also been encouraging for nutrition – 61 per cent were validated as nutrition-sensitive, against a target of 50 per cent.

Attracting investment into rural communities

Assembling investment to develop entrepreneurial activities that benefit rural people is key to creating jobs – especially for young people – and driving growth in rural economies. With this in mind, at IFAD's Governing Council 2019, IFAD, the European Union, the African, Caribbean and

Promoting sustainable change requires working with rural people and their organizations

Pacific Group of States, the Alliance for a Green Revolution in Africa, and the Government of Luxembourg launched the Agri-Business Capital Fund (ABC Fund), with IFAD as sponsor.

The purpose of the ABC Fund is to boost investments in small agribusinesses across developing markets, primarily in developing, low-income and middle-income countries. The ABC Fund targets micro, small and medium-sized agribusinesses (MSMEs), cooperatives and farmers' organizations that struggle to access the capital they need to grow their business. The investment strategy of the ABC Fund focuses on four themes:

- Integrating MSMEs and smallholder farmers into value chains
- Addressing bottlenecks in specific value chains
- Propelling technology and innovation
- Enhancing certification, traceability and value added for exports.

Another initiative to attract financing to benefit the business activities of rural people is the Smallholder and Agri-SME Finance and Investment Network (SAFIN). In 2019, SAFIN focused on mobilizing capital to strengthen the financial base of institutions serving smallholders and agri-SMEs, as well as on aligning partners' investments through inclusive business models. Activities to support these workstreams included collecting evidence on the use of blended finance in agriculture through a study with the Organisation for Economic Co-operation and Development and other partners, identifying investment opportunities in pilot countries, and sharing knowledge and new developments related to agri-SME and smallholder finance.

In addition, we launched the IFAD Private Sector Engagement Strategy 2019-2024 with two main goals: first, to mobilize private investment in rural MSMEs and small-scale agriculture, and second, to expand markets and job opportunities for rural people. The strategy will contribute to closing the finance gap with respect to SDG 2 implementation by reaching out to private partners who can take advantage of untapped business opportunities in rural areas.

Working with and for rural people

Empowering rural people and promoting sustainable change requires working together with rural people and their organizations, listening to their perspectives and advice, and supporting their agency around decisions at the global, national and local level. IFAD continues to engage extensively with rural people's organizations,

The IFAD Private Sector Engagement Strategy 2019-2024 will contribute to closing the finance gap with respect to SDG 2

especially farmers' organizations – in 2019, we introduced a new programme, Farmers' Organizations for Africa, Caribbean and Pacific. The programme will build on existing collaboration between IFAD and farmers' organizations to extend the geographic coverage of past work, especially economic services and integration into value chains.

IFAD is also supporting the International Land Coalition, hosted at IFAD, in its important work in changing policies and modifying the way policies are implemented for the benefit of rural communities across the world. Highlights for 2019 included policy changes in Cameroon that bring greater transparency around land concession contracts, and the adoption of forest laws in Albania that support the interests of rural people.

In focus: Institutional efficiency

The drive for greater efficiency has enabled us to plan an increased US\$1.67 billion programme of loans and grants – crucial to widen our impact in the context of the SDGs – within a zero-growth administrative budget.

Innovation is not just coming up with new ideas, it is also about driving change

Streamlining budgeting processes

IFAD's ongoing operational realignment is aimed at achieving excellence through greater efficiency and impact. For example, a comprehensive bottom-up approach was taken for budget preparation in support of IFAD's shift towards a more decentralized operating environment. The Fund's recently revised Delegation of Authority framework gives greater responsibility to lower levels of management and field officers. In addition, the Office of Strategic Budgeting successfully implemented a new budget-planning tool, Oracle Hyperion, streamlining the budgeting process and making it less prone to errors. This laid the foundation for more improvements planned in 2020 to further automate and simplify the budgeting process, and upgrade institutional reporting capabilities.

Also in 2019, IFAD began moving to full robotic process automation and launched a fully automated, paperless payment process for consultants.

Aligning with IFAD's evolving business model

Significant work was undertaken in adjusting IFAD's administrative processes to institutional changes, especially the more decentralized operating model. For example, we implemented decentralized travel agency services for all IFAD country offices and reformed delegations of authority to conduct low-value procurement with an adequate internal control framework. The security function was enhanced through: security awareness campaigns; monitoring of IFAD staff compliance with mandatory security requirements; monitoring of physical security of IFAD premises worldwide; and delivery of safety and security training.

We also upgraded our electronic records management system to promote knowledge-sharing. And we have widened partnerships with the other RBAs, achieving significant savings through the hosting of the IFAD Governing Council at FAO, implementing common procurement activities, negotiating corporate fares with airlines for discounts, providing printing services to WFP and Bioversity International, and coordinating privileges and immunities activities.

Catalysing innovation

We consider that innovation is a key aspect of delivering better, quicker results. This is why, in 2019, the Change, Delivery and Innovation Unit (CDI) was established. One of CDI's first moves was to launch the Innovation Challenge – a global, in-house competition for bold new ideas on how IFAD can bring innovation to its operations and business practices. Ten ideas were eventually selected for implementation with some

Harnessing new technology is enabling us to respond to partners' needs more rapidly and efficiently

US\$700,000 of IFAD funding. Projects included applications of blockchain, virtual reality, crowdfunding and even a board game.

But innovation is not just a matter of coming up with new ideas, it is also about driving change. For example, in 2019 CDI coordinated a response to IFAD's Global Staff Survey with measures aimed at reducing bureaucracy and supporting a positive working climate. This involved leading the first phase of a business process re-engineering exercise to reduce staff workload and drive efficiency.

Stepping up the use of ICT

Harnessing new technology is enabling us to respond to partners' needs more rapidly and efficiently. One example is the continued development of the IFAD Client Portal (ICP). As the one-stop shop for clients to securely conduct business with IFAD and to obtain real-time information, in 2019 the ICP evolved from simply focusing on the submission of withdrawal applications to include the processing of no-objections, contract monitoring, financial statements submission and detailed reporting. By end of the year, it covered 76 per cent of IFAD countries with disbursable projects, processing over US\$600 million of transactions and accessing reports and dashboards on a daily basis.

Update on resource mobilization and partnerships

In 2019, we continued to move towards a financial framework that aims to blend replenishment contributions – which remain the bedrock of IFAD’s financial model – with various forms of debt financing to enable an enhanced programme of loans and grants in a financially sustainable manner. This is key to enable us to scale up our contribution to ending poverty (SDG 1) and achieving zero hunger (SDG 2).

Progressing towards replenishment targets

During the year, progress advanced towards the IFAD11 target of US\$1.2 billion. As at 31 December 2019, 94 countries had pledged a total of US\$1,008.7 million. This included core contributions, unrestricted complementary contributions for climate and nutrition, and

the grant element of concessional partner loans (CPLs). CPLs are a new borrowing instrument, approved during IFAD11, to complement the existing sovereign borrowing framework and to

During the year, progress advanced towards the IFAD11 target of US\$1.2 billion

mobilize more concessional funds, which can be on-lent at highly concessional terms. In 2019, CPL agreements were finalized with Finland, France and India. Instruments of contribution (IOCs) deposited (including payments with no prior IOC deposit) amounted to US\$955.8 million. Also as at 31 December 2019, Debt Sustainability

Framework (DSF) compensation shares pledged amounted to US\$35.1 million, leaving a shortfall of US\$4.5 million to reach the full compensation for forgone principal reflows under the DSF of US\$39.5 million.

Total contributions, inclusive of core contributions, unrestricted complementary contributions for climate and nutrition, DSF compensation, and the grant element of CPLs, are expected to reach US\$1.1 billion.

IFAD signed 31 new supplementary fund contribution agreements and 7 top-up agreements with 19 donors for a total of US\$151.6 million. These agreements have contributed significantly to our ability to surpass our cofinancing targets, as well as to support non-lending activities such as policy engagement that support IFAD’s operational activities (see annex 1 for more details).

Examples of activities to be supported under these agreements include:

- The EU Regional Trust Fund in Response to the Syrian Crisis (the “Madad” Fund)
- Italy, for the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS)
- Denmark, to sustainably increase the incomes, food security and nutrition of marginal and small-scale farmers and microentrepreneurs in Bangladesh
- The European Union, in support of agricultural research in Africa, diaspora investment in agriculture in Mali, and capacity-building of farmers’ organizations
- Germany and Norway, in support of IFAD’s mainstreaming agenda for youth and nutrition, respectively
- Sweden, to support IFAD’s work on insurance
- France, for the Smallholder and Agri-SME Finance and Investment Network (SAFIN) and ASAP2

- France and Italy, for the second phase of the Platform for Agricultural Risk Management (PARM Horizon 2)
- Iceland, to support a blue economy training activity for project staff

Developing partnerships for positive change

We are continuing to strengthen efforts in partnering with organizations that are in a

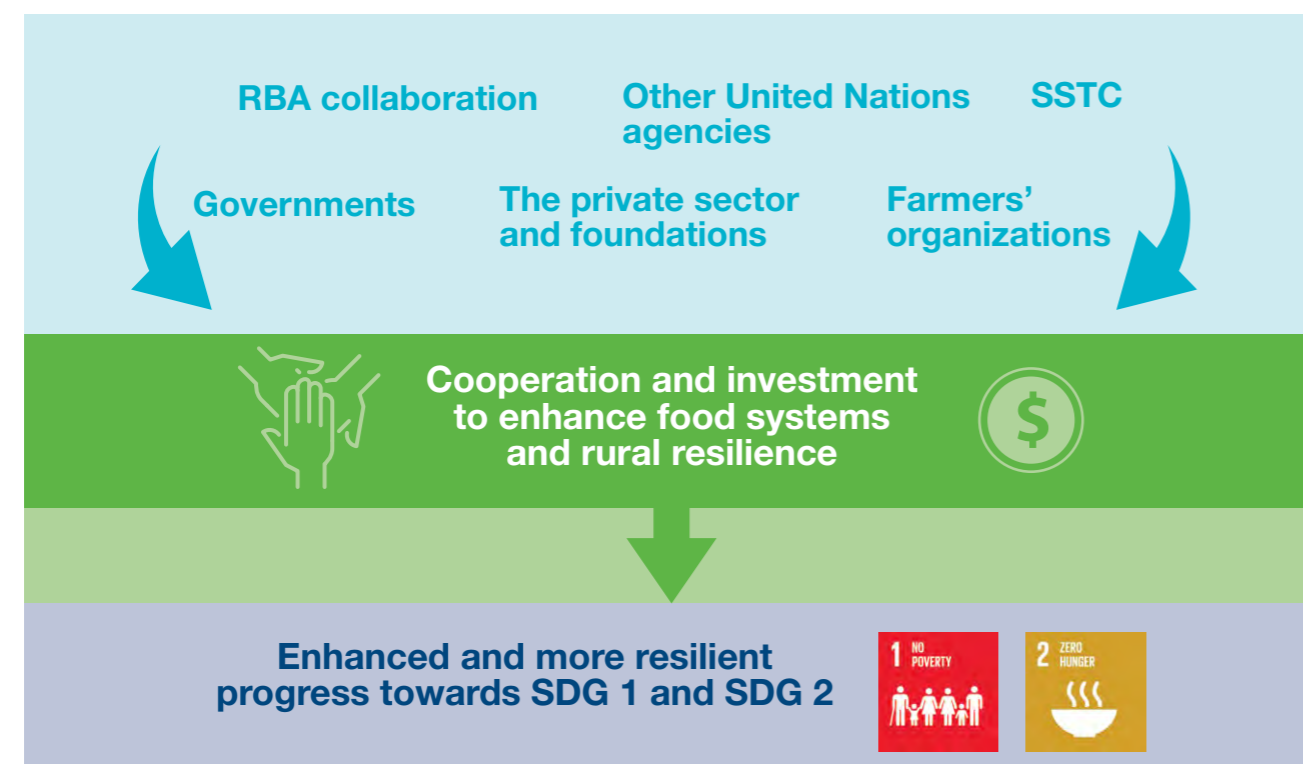
RBA collaboration is essential to address the challenges global food systems are facing

position to support us in our mission to improve the lives of rural people. New partnerships are enabling us to do more in terms of exercising influence at the global level to promote positive change for rural people. A major milestone was the announcement in September of the Food Action Alliance in collaboration with the World Economic Forum in the context of the Forum’s Sustainable Development Impact Summit. The Food Action Alliance, initiated by IFAD and the World Economic Forum, is an emerging partnership between the public and private sectors and international multilateral organizations to deliver better, faster and at scale on food security and nutrition, inclusive growth and decent jobs, environmental sustainability, and climate resilience, in line with the 2030 Agenda. Additional partners include the Alliance for a Green Revolution in Africa, African Development Bank, the International Center for Tropical Agriculture and Rabobank.

Other new partnerships were also established with:

- the Asian Infrastructure Investment Bank
- the Brazilian Development Bank

DOING MORE BY BRINGING PARTNERS TOGETHER



- the International Livestock Research Institute
- the International Social Security Association
- the Korea Rural Economic Institute
- the Kingdom of Saudi Arabia

We are well aware that continuing to deepen collaboration with our Rome-based sister agencies

New partnerships are enabling us to do more in terms of exercising influence at the global level to promote positive change for rural people

is essential to ensure complementary approaches to address the challenges global food systems are facing. In May, along with FAO and WFP, we endorsed a joint RBA Action Plan. The RBAs are placing emphasis on enhancing existing country-level collaboration – FAO, WFP and IFAD have conducted joint field visits, which have led to joint action to develop each agency's work in a complementary way. Following the joint visit to Niger in 2018, the three agencies presented a plan of action for the Sahel during the 2019 informal meeting of the RBA governing bodies.

Sharing knowledge through South-South and triangular cooperation

South-South and triangular cooperation (SSTC) is a key development cooperation approach that

is being embedded in IFAD's business model to complement the Regular Programme. To this end, we established three SSTC and knowledge centres in Addis Ababa, Beijing and Brasilia, with the aim of furthering the SSTC agenda.

In 2019, the China-IFAD SSTC Facility began implementing the eight projects approved following its first call for proposals in 2018. A second call for proposals in 2019 resulted in a further seven projects being selected. The total amount of both calls is US\$6.7 million. The projects cover topics such as technical assistance, knowledge exchange, RBA cooperation and value chain development in all five regions.

Financial management and transparency

As IFAD's financial architecture evolves to support its contribution to the SDGs, ongoing corporate innovation in the areas of technical and development finance, risk management and in expanding transparency and anti-corruption safeguards has been receiving increasing attention. The transformation of IFAD's financial architecture will also help to position IFAD positively with credit rating agencies, building on the existing strong foundation and converging with best practices from other development financial institutions.

Building on recent innovations

In 2018, the groundwork was laid for key initiatives, including arrangements around concessional partner loans, the ABC Fund and IFAD's prudent leveraging strategy. These began to bear fruit in 2019. Among new developments have been:

- Decentralization of financial management staff to five regional hubs
- Establishment of a quality assurance group to maintain the highest level of financial management inputs
- Piloting of new financing tools, including results-based lending and diversified pre-financing options.

Tailoring financial support to countries' needs

A major new initiative has been the application of the IFAD Transition Framework to ensure that countries obtain the best form of financial support as they move up the ladder of economic development. Phasing-out and phasing-in periods are designed to allow borrowers to transition from one credit category to another in order to adjust smoothly to new, less concessionary lending terms. All this requires that IFAD both upgrade and expand its existing lending and non-lending products.

Managing financial risks

IFAD continues to strengthen its overall financial risk management and internal control framework. Initiatives in this area included the monitoring and reporting on credit and market risks, as well as the management of risks relating to the lending, funding, treasury and any other financial risks affecting IFAD's balance sheet.

A major new initiative has been the application of the IFAD Transition Framework

In 2019, IFAD established a robust Capital Adequacy Policy. This is a natural response to the evolution of IFAD. It entails the transformation of IFAD's financial structure from pure liquidity management to a solvency and liquidity management approach. We also updated our Asset Liability Management Framework. The Framework enables IFAD to continue to strengthen the management of its assets and liabilities to protect its balance sheet and mitigate the financial risks ensuing borrowing.

A strengthened, second line of defence controllership function was also put in place in 2019 to protect the Fund against operational, financial and reputational risks, particularly in an increasingly decentralized environment featuring wider delegation of authority.

Enhancing transparency and anti-corruption approaches

Financial transparency has also been enhanced at IFAD. Financial statements regarding audited projects are disclosed systematically, as are statistical data and information on IFAD's financial operations. And IFAD's new anticorruption policy, which establishes zero-tolerance towards prohibited practices in

IFAD's new anticorruption policy, which establishes zero-tolerance towards prohibited practices in operations and activities funded or managed by IFAD, was rolled out in 2019

operations and activities funded or managed by IFAD, was rolled out in 2019. As well as revising legal and operational instruments and communicating with IFAD stakeholders – especially project staff and vendors – much focus has been on activities to train IFAD staff and consultants, for example through: an anticorruption e-learning course; training on techniques and tools to identify and report prohibited practices; and staff induction training.

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Complete contents of the Annual Report in Arabic, English, French and Spanish at:
www.ifad.org/ar2019



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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$22.6 billion in grants and low-interest loans to projects that have reached an estimated 513 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations food and agriculture hub.



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