

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

Support to NEPAD

Period of Report: August 2005 to August 2006

IFAD and its support to African development

Since its establishment in 1977, the International Fund for Agricultural Development (IFAD) has been involved in funding agricultural and rural development in developing countries, particularly in Africa. From the initial onset, Africa has been a key priority for IFAD. By the end of 2005, in fact, African countries had received IFAD loans totalling approximately USD 3.82 billion, to finance 339 projects in 51 countries. As of December 2005, out of 232 current IFAD-supported projects worldwide, 119 are carried out in Africa, representing about 50% of IFAD's overall current financing. Furthermore, since its inception, IFAD has financed 240 research grants for a total of USD 187 million and 380 grants for training and capacity building for a total of USD 150 million. Of these, approximately USD 23 million have directly and exclusively financed the African region, supporting agricultural research, environmental impact assessment, training, rural poverty assessment studies and community development.

Overview of IFAD's support to NEPAD

Concerning the institution's core business, IFAD has identified national and regional priority sectors within its ongoing lending programme - as for example rural infrastructure - and supports their promotion through highly concessionary loans and grants. About 50% of IFAD's lending programme is devoted to African countries. Furthermore, continuous efforts are being made to mobilise additional resources to support stakeholder dialogue/involvement, as well as the Secretariat's activities in the formulation of regional programmes.

IFAD's most significant contribution to the NEPAD process is to enable major stakeholders advocating for the rural poor, particularly national and regional Farmer Organisations (FOs) as well as Inter-Governmental Organisations (IGOs), to play an increasingly proactive role in supporting the process. IFAD's support focuses on strengthening the latter's capacity in agricultural policy formulation and enabling them to contribute grassroots input to the African consultative forums.

Regional consultations took place in 2003, and a continental synthesis workshop was held in Johannesburg in February 2004. Aside from the shared farmers' continental vision of African agriculture, a key outcome of the workshop was the FOs' commitment to continue supporting the NEPAD agenda by further organising the provision of grassroots inputs to the regional, sub-regional and national levels. Representatives of the regional FOs recently (February 2006) visited the President of IFAD to express their appreciation for the process.

A Memorandum of Understanding between IFAD and NEPAD was signed on 28 June 2004 in order to collaborate in organising a stakeholder dialogue process as well as participatory project design. To help the NEPAD Secretariat access and use the contributions from the African Civil Society, IFAD has prepared a Support Programme for partnership building and collaboration with civil society, including farmers' organisations, the private sector and other key stakeholders in participatory programme inception and design. More specifically, this programme consists of the provision of technical assistance in organising the participatory design of selected agricultural projects. In addition, the concrete output in the form of projects and programmes helps expand the institutional framework for the implementation of NEPAD-sanctioned projects and programmes.

These activities are backed by thematic studies analyzing, for example, innovative approaches for agricultural water use, competitiveness of agricultural products and access to markets, rural finance, as well as empowerment of the rural poor through community-based participatory approaches or farmer field schools.

IFAD continues to collaborate closely with the other core partners in the NEPAD-led CAADP Support Group (FAO, WFP, AfDB, WB, UNECA, UNIDO, etc.), particularly benefiting from the well-established traditional working relationship with the other two Rome-based agencies, which are meeting regularly to share information and coordinate their activities.

In May 2005, IFAD took part in the G8/NEPAD Summit on the Implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) held in Accra, Ghana. The summit brought together government representatives, private sector leaders, G8 members, heads of bilateral and multilateral development organizations, regional economic communities, and civil society and farmers' organizations, whose contributions were among the highlights of the meeting.

At the summit, IFAD's Vice President stressed that the organization would continue its work to support the CAADP implementation process, enabling farmers' and professional organizations to play an active part, and strengthening the capacities of regional economic communities. To backstop NEPAD in implementing the summit's recommendations, IFAD also attended the CAADP Retreat in Pretoria, South Africa, in October 2005.

Current areas of support

IFAD is currently playing a key role in specific NEPAD initiatives aimed at scaling up innovations. Such developments include New Rice for Africa (NERICA), the dissemination of processing technologies and the development of regional markets for cassava. With respect to the latter, a programme has been developed for the promotion of innovative cassava processing and marketing opportunities combined with knowledge management and capacity strengthening. The Cassava Processing and Marketing

Initiative for Sub-Saharan Africa will contribute to increasing the income of stakeholders throughout the commodity chain. A start-up workshop will be held in March 2006.

IFAD was one of the principal supporters of NEPAD's recent Africa Fertilizer Summit, held in Abuja in June 2006. This included financial support, technical expertise and, through the participation of President Bâge in the Heads of State session, active political backing. IFAD also expects to participate in developing and financing actions that respond to the Summit Declaration.

Further areas of continued collaboration include improved approaches for agricultural water use and the promotion of rural finance at regional and continental levels.

Innovative approaches for funding the priorities of NEPAD

To respond effectively to the needs and opportunities with regard to CAADP implementation, IFAD has mobilised funding of USD 1.3 million from the Italian Government for a 3-year support programme to catalyse the impacts of IFAD's investment portfolio on cassava of about USD 106 million in Africa.

This approach aims at increasing the projects' impact on rural livelihoods on the ground while providing opportunities for up-scaling innovations and good practices through promotion and knowledge management in the context of NEPAD, involving all key stakeholders (multilateral and bilateral donor agencies, NGOs, FOs and PSOs, private investors, governments, research institutions, projects, etc.). One of the key expected outputs of the programme is increased private sector investment through initial subsidies to reduce risks and transaction costs.

In the general framework of assisting to bridge the work of NEPAD and the AU in support to rural development in Africa, IFAD is providing support to the African Union in two areas. First, a programme financed through a grant of USD 200,000 aims to support the implementation of major policy and strategic initiatives for improving rural livelihoods in Africa. Another grant of USD 200,000 is presently being developed to support AU's programme to develop land policy guidelines for Africa.

Challenges and constraints in mobilizing financial resources to support NEPAD

As a multilateral donor organisation, IFAD's primary mandate is the mobilisation of resources to enable rural poor to overcome poverty. IFAD's members demonstrate a continued commitment to financing development in Africa with the target to allocate at least 50% of IFAD's resources to the continent. With increased attention to performance-based allocation, the major challenge is to maximise the impact of these resources mobilised for Africa's development.

Advocacy and awareness-raising

During 2005, IFAD has continued to support NEPAD, in particular working to ensure that farmers' organizations are fully involved in implementation planning for the CAADP. Currently, support is also being provided to Regional Farmers' Organisations to update and publish the position paper resulting from a consultation process held in 2003-2004.

Using supplementary resources contributed by the Italian Government, IFAD has supported consultations among national and sub-regional farmers' organizations to enable them to agree on a common vision for African agricultural development. Based on these consultations, delegates were prepared to represent the grassroots position at a series of CAADP regional implementation planning meetings held by NEPAD.

IFAD is committed to provide continued support to strengthening the capacity of NEPAD stakeholders at local, national and regional levels, as cooperation and partnership with Farmers' Organisations are being mainstreamed in IFAD's operations. In February 2006, IFAD organised a global Farmers' Forum to amplify the Farmers' Organisations' advocacy on behalf of the rural poor.

Also in February 2006, IFAD participated in the First AU Conference of African Ministers of Agriculture in Bamako (Mali), held back-to-back with the 34th FAO Regional Conference for Africa. Among the key issues discussed at this conference was the joint NEPAD/AU Action Plan on CAADP and Sirte Declaration, as well as the CAADP implementation with emphasis on country-level activities. At this conference, IFAD acknowledged that a single Action Plan combining NEPAD's CAADP and the AU's Sirte Declaration is a strong indication that African leaders are committing themselves to reviving the continent's agricultural and rural development sectors in order to foster socio-economic development, and bring African countries closer to achieving the Millennium Development Goals. IFAD stressed that in order to meet the challenge of poverty reduction, development assistance must be increased and global and national policies must become more sensitive to the interests of the rural poor. No single institution or organization can satisfy the need for new solutions: these must come from small and marginal farmers, women, marginalized groups, governments, the private sector, civil society and international development partners – working together within a common framework.