

# IFAD's engagement in Least Developed Countries: A review

The International Fund for Agricultural Development (IFAD) is a specialized United Nations agency and international financial institution dedicated to eradicating poverty and hunger in rural areas of developing countries. IFAD's strategic vision of inclusive and sustainable rural transformation is central to its support of national processes of economic growth and structural transformation in Least Developed Countries (LDCs). This document reviews IFAD's support to LDCs and to the implementation of the Istanbul Programme of Action, adopted in 2011 in order to enable LDCs to meet the criteria for graduation out of this category by 2020.

Since IFAD's inception in 1978 LDCs have been a core constituency for the Fund and a major recipient of its investments. When the Istanbul Programme of Action for the LDCs was adopted in 2011, IFAD endorsed it and integrated it into its work, further strengthening its engagement in the LDCs. The Fund reports regularly to its Member States on its contribution to the Istanbul Programme implementation through the annual Report on IFAD's Development Effectiveness.

Since the beginning of its operations, IFAD has allocated around 44 per cent of its resources to LDCs, and in the last five years that percentage has increased to almost 50 per cent. In 2015 alone, IFAD's approved financing for new projects in the LDCs was around US\$663 million.

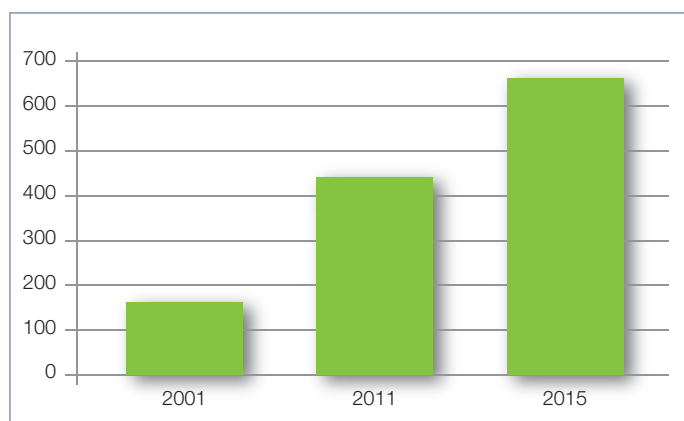
As of 2016 all LDCs are members of IFAD, which has 112 active projects in the LDCs. Since per capita income is a key determinant of IFAD's financing terms, LDCs receive advantageous financing as highly concessional loans,<sup>1</sup> debt sustainability framework (DSF) grants,<sup>2</sup> or a combination of both.

In addition to regular project financing, and outside the DSF, IFAD also provides grants to regional organizations, governments, farmers and producers' organizations, indigenous people's organizations, research institutes, and NGOs in the LDCs. These grants primarily support capacity-building, knowledge-sharing, and community resilience. Since 1979, IFAD has provided 315 such grants to LDCs.

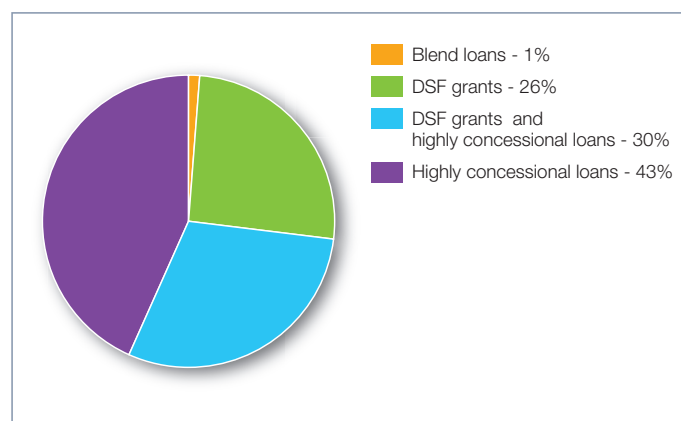
IFAD has reached **251.8 million** people in LDCs with its projects

## APPROVED PROJECT FINANCING FOR LDCs

Amounts in US\$ million



## IFAD FINANCING TERMS FOR LDCs 2011-2016



<sup>1</sup> These loans are free of interest and have a maturity period of 40 years. IFAD also gives loans on hardened, blend (previously intermediate) and ordinary terms.

<sup>2</sup> IFAD has adopted the Debt Sustainability Framework model of the World Bank. Poor countries with low debt sustainability receive assistance on 100 per cent grant terms; poor countries with medium debt sustainability receive assistance on 50/50 grant/loan terms.

IFAD supports  
**112** ongoing  
projects in LDCs

## IFAD'S APPROACH IN THE LDCs

IFAD believes that the inclusive and sustainable transformation of rural areas is critical to the ability of LDCs to realize the ambition of the Istanbul Programme and the Agenda 2030. IFAD's activities in the LDCs are designed to reduce poverty and support poor rural people to achieve food security through remunerative, sustainable and resilient livelihoods. To realize this vision, IFAD pursues three main objectives in all its operations:

- Increase poor rural people's productive capacities
- Increase poor rural people's benefits from market participation
- Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities.

More than 880 million people live in LDCs. Most of them live in rural areas, and depend on small-scale agriculture for their lives and livelihoods. To date, IFAD's projects have reached almost 252 million people in LDCs, with a wide range of activities related to agricultural and rural development.

In partnering with LDCs, IFAD focuses on supporting governments and communities to address structural factors that hamper the ability of the largely agrarian population, particularly smallholder farmers, to invest in raising their productivity and incomes, to achieve food security, and to engage with markets on favourable terms. IFAD's efforts in these countries are mostly oriented to supporting national efforts to enhance agricultural productivity, food security, rural financial inclusion, market access, value chain development, natural resources management and resilience. In Ethiopia for example, IFAD supports the Rural Financial Intermediation Programme II, which scales up the achievements of phase I of the project, with the aim of making access to financial services available to about 7 million poor rural households. In Niger, the IFAD-supported Family Farming Development Programme helps to build rural households' resilience for their food security and nutrition, by increasing their incomes through better linkages with local and urban markets, with a special focus on youth.

In the area of climate change adaptation, IFAD launched the Adaptation for Smallholder Agriculture Programme (ASAP) in 2012, which channels earmarked climate finance to increase the resilience of smallholder farmers and their productive activities by giving them access to the information, tools and technologies they need.

Among the LDCs, IFAD recognizes the specific challenges, vulnerabilities and needs of the Small Island Developing States (SIDS), a group that includes some of the poorest countries in the world, comprising nine LDCs. In 2014, IFAD reviewed its approach to SIDS in order to systematize and scale up its efforts with a focus on three thematic areas:

- Sustainable small-scale fisheries and aquaculture
- Opportunities and employment for smallholder agriculture
- Environment and climate change.

IFAD has many ongoing projects in the least-developed SIDS, such as the Outer Islands Food and Water Project in Kiribati, which is improving household's food security and nutrition through community activities, such as rainwater harvesting and community planning, with a focus on women and youth. Vanuatu is currently benefiting from the IFAD grant for Post-Cyclone Rapid Recovery in Agricultural Production, which aims to enable the country to recover from natural disaster and regain food self-sufficiency at pre-cyclone levels while building the long-term resilience of agricultural and fishing communities.

Moving forward, IFAD will continue to invest in the LDCs and to work in partnership with national governments, local communities and other actors, especially rural citizens, to advance the rural agenda and realize the development objectives set by Agenda 2030 and the Istanbul Programme of Action.



International Fund for  
Agricultural Development

Via Paolo di Dono, 44

00142 Rome, Italy

Tel: +39 06 54591

Fax: +39 06 5043463

E-mail: [ifad@ifad.org](mailto:ifad@ifad.org)

[www.ifad.org](http://www.ifad.org)

[www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)

[ifad-un.blogspot.com](http://ifad-un.blogspot.com)

[www.facebook.com/ifad](https://www.facebook.com/ifad)

[instagram.com/ifadnews](https://www.instagram.com/ifadnews)

[www.twitter.com/ifadnews](https://www.twitter.com/ifadnews)

[www.youtube.com/user/ifadTV](https://www.youtube.com/user/ifadTV)