Elwyn Grainger-Jones, Director of the Environment and Climate Division, International Fund for Agricultural Development
IFAD works with impoverished rural communities to improve food and nutrition security, increase incomes and strengthen their resilience to climate change. Elwyn Grainger-Jones elaborates on the ways in which the context of their activities is changing.

The International Fund for Agricultural Development (IFAD) is a specialised agency of the UN. Could you outline the Fund’s main goals and aims?

IFAD was established during the global oil and food crisis in the 1970s. Its goals are to reduce and ultimately put an end to rural poverty, with a particular focus on smallholder farmers. Principally the Fund is a UN-certified agency and an international financial institution (IFI).

As the only IFI in the UN, we provide finance through governments to smallholder farming communities to reduce poverty. This focus helps the efficacy of our work, allowing us to zone in on one specific problem with many dimensions.

What success has IFAD’s Strategic Framework 2011-15 achieved so far and what further improvements are required?

Projects that were agreed in 2011 are still in their early stages. At this point, the strategic framework’s success is felt more in terms of the shape and direction of new projects. The results of this will be increasingly felt over time. There are many ways in which the success of the strategic framework is demonstrated by our new projects. Since I lead the Environmental and Climate Division, I am most focused on the rapid increase in our work on climate change and environment, which is an important part of the strategic framework and constitutes a large part of our key objectives.

How was the strategic framework decided upon and how is it implemented?

It distils a much wider set of discussions that many divisions and staff have in the field, in society and with others to identify the main challenges facing the rural poor. The draft was subject to many internal consultations. There were two sections with our executive board, which is comprised of a wide range of members of IFAD and international governments. The final framework was approved by the executive board in May 2011 and runs until 2015 – it is essentially a four-year cycle.

The current strategic framework has a very strong environmental emphasis owing to the climate strategy produced by IFAD just prior to its drafting; this was quickly followed by a wider environmental and natural resource policy. These policies and strategies were shocking as they provided a very detailed overview of what is happening to the natural environment sustaining smallholder farming, and what effects climate change will have on this environment. In most cases, farming at this scale will become even harder.

The environmental and natural resource policy had an important impact on our wider strategic framework for the organisation, leading to the creation of the Environment and Climate Division, and a network of new environment staff positions in our regional divisions to support work in these areas.

How is IFAD’s operating model designed? How does the operating model work in conjunction with the results-based country strategic opportunities programme (COSOP)?

IFAD’s operating model has evolved over the many years of our existence. There is a cycle for each country that receives our finance, which are generally the poorest countries in the world. COSOP is a country-level strategy based on extensive discussions with government, society and people involved in IFAD supported projects, focusing on what we do over the next five years, and how best to use IFAD funding to support government polices to reduce rural poverty.
The Fund then identifies the priorities – ie. in what areas of the country is the government most keen for us to work and does that align with IFAD’s targeting policies, which focus on the poorer areas of the country? IFAD aims to ensure that the areas in which we are working have potential for growth.

There are various other questions concerning the impact of climate change on that country, the most vulnerable areas and the location of environmental hot spots. We support communities to build their resilience to climate change. Our model is to work with governments in order to package some kind of financial support in the form of projects that typically work within a designated area, and/or work with a specific set of crops, often helping those crops reach the market.

Could you elucidate how IFAD Payment for Environmental Service (PES) schemes encourage and reward sustainable farming?

A lot of schemes aim to reward smallholder farmers for the environmental services they can potentially provide. There is no single scheme, but rather a whole range of PES schemes in various different parts of the world. These are either funded through the Global Environment Facility or our own grant programmes, and are sometimes included in our main projects and lending programmes.

Payment for environmental services is difficult; it requires the creation of a market within communities where existing markets are not that well developed. PES is important but should not distract us from our main point, which is that it is often in the farmers’ interests to improve their environmental management. They may not necessarily need a payment incentive to improve their farming management because it already benefits them directly.

The same applies to carbon markets – IFAD is observing farming best practise by reducing fertilisers; using the minimum resources required; reducing use of pesticides; avoiding deforestation; maintaining biodiversity of ecosystems; improving soil health; managing water effectively; and building resilience to floods and droughts. All of these efforts hold benefits for the wider landscape, but it most directly benefits the farmers themselves and that is the focus of most of our work.

Global food security often conjures images of mass-scale food production. To what extent can smallholder farmers play a key role in a nation’s food and nutrition and security?

The sheer number of smallholders in existence is remarkable, as is the importance of the role they play in terms of global food security. Around 500 million smallholder farms provide up to 80 per cent of the food consumed in large parts of the developing world; this is about a third of the world’s population and is not a well-known fact. These farmers are vitally important in terms of population size, quantities of food produced and the number of people fed by them.

One of our central messages within the environment and climate theme is to remember smallholder farmers. The individual farms might be small, but when added together they represent a very large share of the challenge and solution on climate change and the environment.

Most of the problems faced in environmental management are related to food security and climate change, and smallholders are very much at the centre of both issues. We have lost 1.2 billion hectares – 11 per cent of the Earth’s vegetated surface – in the last 45 years. That equates to 5-12 million hectares lost annually to severe land degradation in developing countries. Smallholders are unfortunately a central part of that problem, particularly in Africa where erosion, chemical and physical damage have degraded about 65 per cent of agricultural land.

That is why it is so important for IFAD to make the case for smallholders that are without a voice. If we want to solve the environmental and climate crises, investment in smallholder farmers is vital. There are many ways in which they themselves have shown how entirely possible this is. The technologies are already available, the movement simply requires a large push. This is one of the reasons why IFAD launched the Adaptation for Smallholder Agriculture Programme (ASAP), which is the largest global programme to support climate adaptation for smallholder farmers. The project has generated about US $340 million of commitment from five governments – the UK, The Netherlands, Canada, Belgium and Sweden – to really demonstrate how smallholder farmers are an essential part of adapting to climate change, and as an additional benefit, to demonstrate how this also reduces the emissions footprint of smallholder farming.

Ensuring that our new projects are deeply climate resilient is vital, and particularly important for projects that help smallholder farmers join and link to markets. Often smallholders are supported in growing crops but not marketing and selling them for a profit. This must be achieved in a way that supports the climate resilience of those smallholders so they are not producing crops that will be unviable in a few years’ time due to climate change, and so they are managing water input and not producing crops at the expense of biodiversity and the wider landscape.
IFAD was founded in 1977. How has the Fund changed over the years? What changes is IFAD planning to make for the future?

IFAD has changed a lot over the years. Foremost, it has grown in size. Furthermore, its business model has improved significantly so that it now directly supervises projects. IFAD-supported projects are financed in the form of governmental loans and grants, something we directly oversee. We have evolved our business models to really increase the focus on the role of smallholders, linking them to markets and helping them to add value to their products.

IFAD has strengthened our work on climate change significantly because, even though a minority in the 1970s were talking about climate change, it hadn't really entered the public consciousness in the way it has now. Of course, evidence has mounted substantially since then.

What has not changed is our focus on rural poverty and smallholders; our approach of providing finance in the form of projects. We have evolved in our mode of thinking and also in the way we operate. There is a greater emphasis on markets, climate change and also policy dialogue, but there has also been continuity in our mandate and the ways in which the Fund provides support.

The context of IFAD's work is changing rapidly. There are so many issues now confronting how we work, with climate change at the forefront. It will transform the face of farming; indeed, it is already changing practices in many of the communities with whom we work.

Alongside context, the speed at which markets are integrating is also changing. The interest of national global food markets in smallholders has picked up quite significantly as companies source raw materials and food in a world where natural resources are increasingly scarce.

Rapid urbanisation is occurring in many regions, meaning many young people are moving away from agriculture. The pace at which dietary changes are taking place in many emerging economies – which will have a far greater and a more immediate impact on the global food balances than population growth – is also a concern. A switch to meat and dairy diets is having a very big impact on food systems, since those foods are far more input-intensive per calorie produced.

There are growing concerns about the reductions in aid availability and the way in which austerity is hitting some donor budgets, and an increase in the provision of aid from some non-traditional donors such as China and other emerging countries and economies. This is leading to a lot of creative thinking in IFAD about who finances us, how we provide finance and the issues we need to address.

Collaboration must be an important part of IFAD's worldwide work. Who is your membership open to?

IFAD encourages all sovereign states to join; it is not an exclusive membership. The Fund is similar to a credit union where governments who want to put money into IFAD and those who want to receive money engage and benefit from our technical expertise.

Is IFAD hosting or attending any forthcoming events you would like to highlight?

The Fund is involved in numerous conferences and events. We are trying to shape various global dialogues so that they better reflect what we see as the realities of agriculture and the interests of smallholder farmers. Those include active debates about the potential successes of the Millennium Development Goals and also what will be framed as sustainable development goals. IFAD is very active in global climate discussions, to try and help smallholder perspectives and inform those discussions so that global climate dialogue can shift from a discussion around energy policy to also include agriculture policy. We work closely with the UN’s World Food Program (WFP), Char system and various other partners to make that happen. Our priority is to have impact on the ground one way or another.