IFAD's direct channelling of climate finance to poor rural people

Building on the success of the Adaptation for Smallholder Agriculture Programme (ASAP) with a commitment to climate focus at least 25 per cent of IFAD’s portfolio

i. Context and rationale
Smallholder farmers and poor rural people bear the brunt of climate change and the degradation of natural resources. Extreme weather events, such as droughts, storms and floods, are putting pressure on the ecosystems that farmers depend on, as are gradual processes such as rising sea levels and melting glaciers.

ii. An overview of the contribution
The Adaptation for Smallholder Agriculture Programme (ASAP) channels climate finance to smallholder farmers so they can access the information, tools and technologies that will help build their resilience to climate change.

IFAD’s comparative advantage is that it has a proven track record, over 40 years, of working with the poorest and most remote farmers in the world. ASAP was the springboard which allowed IFAD to utilise this niche to become a world player in smallholder climate finance. ASAP combined the dedicated climate finance, political will, and technical expertise in-house to deliver a climate-focused portfolio that has already benefitted over 2 million poor smallholders, and will help at least another 4 million before the first tranche of ASAP projects is complete.

Innovative tools ensure that IFADs entire portfolio is aligned with country priorities while also ensuring that activities are inclusive and target the most exposed and vulnerable stakeholders. Moving forward, the Fund’s portfolio is set to become even more aligned to the climate priorities of recipient countries through the integration of targets stipulated in country’s Nationally Determined Contributions (NDCs) in all IFAD country strategies (COSOPs).

Building upon the success of ASAP, in 2017, IFAD committed to ensure that 25 per cent of its Programme of Loans and Grants (PoLG) would be “climate-focused”, which amounts to approximately US$875 million in climate finance over three years (2019-2021). From 2021, there will again be an increase in ambition and IFAD will channel at least 35 per cent of its PoLG climate focused activities.

Channelling this climate money through IFAD’s portfolio, IFAD will help to raise the resilience of 24 million smallholders by 2025.

IFAD works with the poorest and most vulnerable communities in the world, and given partner governments common but differentiated responsibilities, our work is imperative to ensure improved resilience and a just transition for all.

In specific post-ASAP scenarios, the Fund is seeing that country demand for ASAP style interventions is increasing, especially in those countries that have already benefited from the first tranche of ASAP projects. The Value for Money (VfM) of ASAP was fantastic. In an analysis of certain ASAP projects, it was found that for every dollar of ASAP investment, between US$0.77 and US$2.85 was leveraged in private investments (financial and non-financial), showing the efficiency of the programme in leveraging additional investment to support its objectives.1 This financing and IFAD expertise all combined helped increase resilience of millions of rural people, however there are still 736 million2 extremely poor and vulnerable people left who could benefit from similar interventions.

1 The Business Advantage - Mobilizing private sector-led climate actions in agriculture
2 Ending extreme poverty in rural areas – Food and Agriculture Organization of the United Nations, 2018
The Fund will continue its effort to mobilise additional climate finance, and direct it where it is needed most. Additionally the Fund can guarantee that any additional funding it receives outside of its official replenishment will be classified as 100 per cent climate finance according to the Multilateral Development Banks methodologies for tracking climate finance.

In a post Paris-agreement landscape, being able to guarantee funding will be earmarked for environment and climate change focused endeavours is extremely valuable as it guarantees accountability and transparency for potential donors, as well as facilitating donor countries own reporting on their obligations to their Paris commitments.

iii. How the contribution leverages living natural systems as a solution to avert climate change?
Through ASAP there are many practices that have been utilised to leverage living natural systems. Some of these include, but are not limited to:
- Agroecology
- Mixed crop and livestock systems which integrate the use of drought-tolerant crops and manure
- Systems of crop rotation which consider both food and fodder crops
- A combination of agroforestry systems and communal ponds
- Creation of buffer zones to protect agricultural
- Regeneration of degraded lands through better erosion control

Going forward IFAD will continue to promote the above alongside encouraging diversification of production to increase resilience to climate shocks and rising temperatures, prioritise halting of monocropping practices, encourage the use of climate resilient crop species and aim for the restoration and conservation of biodiversity.

iv. How might the contribution support both climate, mitigation and adaptation as well as other important co-benefits and social, economic and environmental outcomes in coming years including:
a. Reduction in carbon emission and carbon capture (GTonnes)

![Figure 1 - Total carbon balance by project (The Mitigation Advantage)](image)
To date, IFAD has used the FAO EX-ACT tool to calculate that from 13 of the 42 original ASAP projects, there will be at least 30 million tonnes of CO2e in greenhouse gas emissions mitigated (Figure 1). The ASAP portfolio's overall target is to mitigate 80 million tonnes by the end of its first phase.

Moving forward, as part of its eleventh replenishment commitments, IFAD has prioritised environmental sustainability, including through a heightened emphasis on mitigation activities within its portfolio. IFAD will use the same FAO EX-ACT tool on 75 projects in IFAD 11 which will allow the Fund to provide concrete data to partner countries that illustrate the impact of their funding on climate mitigation. Again, this will allow donors to report with confidence on their Paris commitments.

In the next 3 years (IFAD11), IFAD will significantly raise its level of ambition and it will ensure the sequestration or avoidance of at least 100 million tonnes of CO2e emissions. It will do this using the tried and tested methods evidenced within ASAP, including land restoration, afforestation and more efficient production.

v. Co-benefits and synergies with mitigation

With the AFOLU sectors accounting for almost 25 per cent of anthropogenic GHG emissions, food production clearly needs to become more sustainable. However, in the face of exponential population growth, rapid urbanisation, dietary shifts and the increased impact of climate change, efforts to curb emissions from the agricultural sectors cannot compromise productivity. There is also the fact that LDCs and SIDs historically bear little responsibility for climate change yet are projected to be most profoundly impacted by it, means that adaptation should be the priority for the resilience of smallholder farmers.

The mitigation co-benefits should however, be identified and exploited. As ASAP has shown, investment in conservation agriculture, agro-forestry, pasture rehabilitation, selecting resilient breeds and diversifying production can increase productivity and adaptive capacity while simultaneously offsetting emissions.

a. Increasing climate resilience
ASAP has reached over 2 million smallholder farmers. By 2023, at least 4 million more will benefit from ASAP investments. There are over 130,000 hectares of improved land practices; over 5,500 community groups engaged in natural resource and climate risk management and multiple climate-focused international and country dialogues have taken place. ASAP maintains a strong focus on gender equality and youth sensitivity, providing job diversification and creation. IFAD commits to 24 million people having greater resilience by 2025.

b. Social impact (job increase; poverty reduction, etc.)
ASAP’s social returns include: reduced malnutrition (improved meals), improved skills of workers/farmers, and increased empowerment (through exclusion of intermediaries).3

c. Net economic impact (total in US$; how was it achieved?)
ASAP will deliver globally positive returns to investment across a range of climatic futures if adoption rates are high.4

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3 The Business Advantage: Mobilizing private sector-led climate actions in agriculture
4 The Economic Advantage: Assessing the value of climate-change actions in agriculture
d. Impact on realization of the 2030 Agenda for Sustainable Development (in particular SDGs 1, 2, 6, 12, 13, 14, 15, 16)
IFAD’s climate work focuses on: SDG1, SDG2, SDG5, SDG6, SDG7, SDG8, SDG10, SDG12, SDG13, SDG14, SDG15 and SDG17.

e. Just transition
IFAD works with smallholders and fishers including men, women, youth, indigenous peoples and other vulnerable rural communities to ensure that truly, nobody is left behind. IFAD has a long history of working in rural and hard-to-reach places, often working with those that are overlooked by other agencies or programmes. As drivers of economic growth, social equity and environmental sustainability, it is these people and farmers that have the potential to transform the future. IFAD also ensures that smallholders benefit from any social advances that they help bring about.

f. Food security
With 821 million undernourished people globally, and many more suffering from micronutrient deficiencies, food and nutrition security clearly need to be at the forefront of development activities. Climate change has the ability to exert significant pressure on food security, exacerbating existing problems. Climate change and malnutrition are among the greatest problems in the twenty-first century. Nutrient-rich foods are particularly at risk from the effects of climate change, including droughts, temperature changes and the proliferation of pests and diseases. To compound matters, the impacts of climate change are expected to affect most keenly sub-Saharan Africa and South Asia, the areas that currently have the highest burdens of malnutrition. IFAD recognises that a broad approach to tackling malnutrition is required, committing to increasing the percentage of nutrition-sensitive projects from 33 to 50 per cent and adding a nutrition impact indicator to the Results Management Framework (number of people with improved nutrition) as part of IFAD11. In the framework of the IFAD nutrition action plan, recently approved by the IFAD Board, the Fund will improve the nutrition of 12 million people in the next 3 years, and in IFAD12, it will increase its ambition to improve the nutrition of 13.2 million people.

So far ASAP has improved the food security of over 1.2 million households. 27 per cent of ASAP projects were categorized as nutrition sensitive (NS) at design. Sixteen ASAP projects now include nutrition-focused aspects, even though they were not officially nutrition-sensitive at their design stage.

ASAP nutrition-sensitive projects:
• Invest in irrigation (4), agricultural development (3) and rural development (2).
• The most prevalent nutrition activity is related to food production in home gardens.

5 The Nutrition Advantage – Harnessing nutrition co-benefits of climate-resilient agriculture
g. Minimising species extinction and ecological losses and fostering an increase of biodiversity. ASAP has developed a range of activities designed to protect biodiversity and restore biodiversity. These include: coastal zone co-management systems and participatory plans to restore coastal habitats affected by climate change (including mangrove rehabilitation); exclosure zones to allow communal lands time to recover; peatland protection; conservation of biodiversity; prevention of over-exploitation of the natural resource base; and re/afforestation.  

Looking ahead, IFAD will seek to further enhance its contribution to biodiversity conservation.  

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6 The Biodiversity Advantage - Global benefits from smallholder actions  
7 The IFAD-GEF Advantage II - Linking smallholders and global environmental benefits
h. IFAD’s work with smallholders and small fishers
Fisheries and aquaculture support the livelihoods of nearly half a billion people across the world. Yet many of the world’s fisheries are at grave risk from human pressure including overexploitation, pollution and habitat change.8

Climate change is warming the atmosphere and the oceans and causing changes in rainfall patterns. This affects the quality of the water that supports aquatic life, and increases the frequency of extreme weather events.

IFAD-supported projects secure tenure and access rights for fishing communities, and support the development of small-scale aquaculture production systems in marine, coastal and inland waters. Our partners help to develop efficient fish value chains, promote the use of products from community fisheries, and improve fishery management.

IFAD also supports tenure and access rights for coastal communities to fishery resources and helps interested communities to take up sustainable aquaculture. These programmes spur investment in innovative technologies, technical skills, input supply systems, and financial and extension services.

We also support the development of efficient value chains to minimize post-harvest losses, of particular benefit to the millions of rural women who dominate fish processing and marketing.

In Viet Nam and Bangladesh, through ASAP, IFAD is working to address the impacts of rising sea levels and saltwater intrusion through salt-tolerant species and strengthening infrastructure, in addition to stronger governance and support for livelihoods diversification. Whereas the ASAP project in Djibouti is working to protect the country’s coral reef system and mangroves, and to expand options for sustainable artisanal fishery livelihood systems, especially for women and young people. One component focuses on assessing the impact of climate change on coastal habitats and marine ecosystems, while supporting the resilience of marine and coastal areas, including maintaining water quality.9

Going forward IFAD will use the climate funding it receives to design and programme fisheries and aquaculture projects with the aim of reducing any negative environmental impacts and protecting and enhancing biodiversity.

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8 IFAD’s work with fisheries and aquaculture
9 The Marine Advantage – Empowering coastal communities, safeguarding marine ecosystems
Examples of IFAD solutions for coastal areas and marine ecosystems

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<td>Water management and irrigation</td>
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<td>Sustainable agriculture, including conservation agriculture, etc.</td>
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i. **Addressing the land degradation, food security and water nexus.**

Drylands, despite their relative levels of aridity, contain a great variety of biodiversity, with many animal and plant species and habitats found only in drylands and playing a vital role in the livelihoods of many dryland inhabitants (IUCN, 2012).

They are also important for climate regulation: according to the Millennium Ecosystem Assessment (UN, 2005, chapter 22), total dryland soil organic and inorganic carbon reserves make up 27 per cent and 97 per cent, respectively, of the global soil organic and soil inorganic global carbon reserves.

ASAP recognised this and going forward IFAD will continue its work to boost resilience and natural resource management in drylands, channelling financing from a range of donors to match that of national
governments, the private sector and smallholders themselves. IFAD, for its part, will continue to invest in and advocate for drylands – their ecosystems and their people.

ASAP had 8 specific indicators which were used in the various projects logframes. Due to their successful utilisation, they were adopted by IFAD as core climate indicators for its whole portfolio. One of the main indicators of the ASAP programme, was "Land under climate-resilient practices". This indicator includes any type of initiatives aimed at promoting sustainable management of natural resources and more specifically those sustainable land-management practices applied to address previously identified environmental or climate-related hazards (such as erosion, salinization, soil degradation, flooding, drought, infestations, denudation).

By way of example, it measures the hectares of land under:
- integrated natural resource management (NRM) practices (e.g. watershed management, wildfire management, forest and coastal zone management),
- crop diversity management (e.g. land on which heat-, salinity-, submergence-, pest- or wind-tolerant crop varieties have been introduced; land on which new crops have been introduced to diversify livelihood options and preserve ecosystem services);
- improved soil management and erosion control practices (e.g. reduced/zero tillage, residue management, intercropping, natural vegetative strips, integrated nutrient management);
- sustainable livestock practices (e.g. rotational grazing, manure management, improved feed use, breeding of adaptive species, disease control, mixed agriculture/aquaculture systems, livestock emergency shelters);
- agroforestry practices (e.g. watershed protection, slope stabilization, alley cropping, strip plantation, boundary systems, windbreak systems, shelterbelts);
- improved water management practices (e.g. land with protected springs, water conservation systems, re-designed/more efficient irrigation systems, etc.);
- land managed under diversified agricultural systems (e.g. mixed cropping; crop/aquaculture systems; high value off-season varieties);
- land covered by weather insurance schemes.

ASAP has programmed to sustainably manage over 2.3 million hectares of land (which is more than its original target), and has already achieved over 760,000 hectares. As evidenced elsewhere, IFAD is increasing its ambition to combat land degradation in a post-ASAP environment and this indicator is prevalent in many new IFAD project designs.

vi. Which countries and organisations are involved in the contribution?

**ASAP Grant Recipient Countries:** Bangladesh, Benin, Bhutan, Bolivia, Burundi, Cabo Verde, Cambodia, Chad, Comoros, Cote d'Ivoire, Djibouti, Ecuador, Egypt, El Salvador, Ethiopia, Gambia, Ghana, Iraq, Kenya, Kyrgyzstan, Laos, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Moldova, Montenegro, Morocco, Mozambique, Nepal, Nicaragua, Niger, Nigeria, Paraguay, Rwanda, Sudan, Tajikistan, Uganda and Vietnam.


**Going forward:** IFADs works in over 80 countries, any of which could benefit from climate focused work. IFAD committed in its tenth replenishment to screen 100% of its projects for climate and environment
risks. It continues to do this throughout IFAD11 and that means that all IFAD recipient countries which are exposed to climate change risks or environmental degradation will be able to design appropriate measures and activities to adapt to the level of climate vulnerability of individual project sites.

vii. How have stakeholders (for example indigenous peoples, local communities, and youth) been consulted in developing the contribution?
Certain ASAP projects have involved indigenous peoples during the design phase of projects and ensured their participation in project supervision. Projects have mainstreamed indigenous concerns and the need to draw on ancestral knowledge, thus responding to a common request expressed by indigenous peoples, who on several occasions have highlighted the need to revitalize and make use of their traditional knowledge. Also a major part of IFAD’s Social, Environmental and Climate Assessment Procedures (SECAP) is Free, Prior and Informed Consent.

ASAP projects have systematically relied on participatory land use planning, and other community level consultations to make sure that any IFAD interventions are desired and shaped by the communities that it will affect. An example of this is the Economic Inclusion Programme for Families and Rural Communities in the Territory of the Plurinational State of Bolivia, where activities included recording and validating ancestral knowledge and development of community adaptation plans.

viii. Where the contribution can be put into action?
The original programme is global, and going forward, IFADs PoLG will also be programmed globally (over 80 countries).

ix. How the contribution will be delivered? How will different stakeholders be engaged in its implementation? What are the potential transformational impacts?
The contribution will be delivered through IFAD’s portfolio of projects. Governments and beneficiary communities are involved throughout the lifecycle of a project, from the concept stage of projects all the way through to the evaluation of completed projects.

IFAD is focusing on addressing the root causes of reduced resilience and environmental degradation and it will actively support inclusive and sustainable rural transformation.

x. Is this initiative contributing to other Climate Action Summit work stream (industry transition; energy transition; climate finance and carbon pricing; infrastructure, cities and local action; resilience and adaptation; youth and citizen mobilization; social and political drivers; mitigation strategy)?

ASAP and IFAD contribute directly to: climate finance; resilience and adaptation; mitigation; youth and citizen mobilization; social and political drivers; mitigation strategy. They also indirectly contribute to industry transition; energy transition; carbon pricing; cities and local action and; social and political drivers.

Mainstreaming the unique needs of the groups most vulnerable to climate change, i.e. women, youth and indigenous peoples, into interventions will be integral to making progress in all nine themes. These groups are often faced with unique circumstances that make one size fits all approaches unfeasible. For example, despite playing a key role in agriculture, women in particular parts of the world are hindered by

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10 The Traditional Knowledge Advantage - Indigenous peoples’ knowledge in climate change adaptation and mitigation strategies
11 The youth Advantage – Engaging young people in green growth
12 The Gender Advantage – Women on the front line of climate change
a lack of skills and access to resources such as finance, technology and inputs. Social norms and customs frequently result in women having to cope with precarious land rights, which in turn deter them from investing in long-term, resilient practices and technologies. Likewise, the land rights of indigenous peoples often go unrecognised and are frequently encroached upon. Despite having the potential to be agricultural innovators, youth are often hamstrung by a lack of access to land and credit, in battling the stigma and drudgery associated with a career in agriculture. If these groups are not targeted, they will be left behind and development in the truest sense will not be achieved.

In its original design concept note, ASAP, despite being a climate adaptation programme, it had specific targets for Gender, Youth and Nutrition. This novel idea reaped huge success, and it soon became clear that addressing these issues in an integrated manner was by far the quickest and most effective way to achieve truly transformational change.

On the back of this, IFAD created an Environment, Climate, Gender and Social Inclusion Division. This division is responsible for the quality of IFAD interventions that concern climate environment, youth, gender, nutrition and indigenous peoples. The idea of bringing all these mainstreaming themes into one division is that the exclusion of any one of them in this day and age is plainly bad development. Housing them together, not only makes a one-stop-shop for technical inputs in-house, but also allows us to maximise our synergies across themes and capitalise on co-benefits. In reality you cannot work on climate change or nutrition without considering gender and youth issues. Working on any theme, whilst excluding another does not make practical sense. By taking into account all these various areas, demographics and peoples, the holistic approach and quality of IFAD interventions has gone up. ASAP, and going forward IFAD as a whole, is contributing to all of the other Summit work streams. IFAD has dedicated action plans for all of its mainstreaming areas, and subsequent portfolio wide targets for the same.

xi. Examples of experiences to date: how does this contribution build upon this experience? How does the contribution link with different ongoing initiatives?
ASAP has allowed IFAD to mobilise supplementary funding and access climate finance. Mali, Mozambique, Gambia, Cambodia and elsewhere are all currently beginning second phases or new projects that have similar, scaled up, activities as the original ASAP projects. The governments have clearly understood the benefit of certain adaptation activities and are willing to seek concessional loans from IFAD’s Programme of Loans and Grants (PoLG) in order to achieve similar results to ASAP.

xii. Mechanisms for funding (with specific emphasis on potential for partnerships).
For ASAP, the additional ASAP funding was blended with larger IFAD projects, in order to mainstream climate into the IFAD portfolio. Going forward, IFAD has committed that 25% of its PoLG (approx. US$875 million) will go to specific climate adaptation and climate mitigation activities.

IFAD has strong links with its member states and governments of its client countries. IFAD is also an accredited agency of the Adaptation Fund, the Global Environmental Facility and the Green Climate Fund, and works closely with a range of CGIAR research centres, amongst others.

xiii. Means of stewardship, metrics for monitoring.
As mentioned above, for ASAP, IFAD developed a specific set of climate indicators, which were mainstreamed into IFAD’s own monitoring and evaluation systems. The eight indicators are:
- ASAP1: Poor smallholder household members supported in coping with the effects of climate change;
- ASAP2: Land under climate-resilient practices;
- ASAP3: Production and processing facilities supported with increased water availability and efficiency;
- ASAP4: Households supported with increased water availability or efficiency;
- ASAP5: Individuals engaged in natural resource management and climate risk management activities;
- ASAP6: Community groups engaged in natural resource management and climate risk management activities;
- ASAP7a: New or existing rural infrastructure protected from climate events (Km);
- ASAP7b: New or existing rural infrastructure protected from climate events (US$' 000);
- ASAP8: International and country dialogues on climate supported

xiv. Communication strategy.

IFAD has a dedicated communications strategy that highlights its climate work, and commits time and resources to disseminating information on ASAP. Additionally IFAD has a Recipes for Change campaign that brings well known chefs and smallholders together to cook recipes based on ingredients that are threatened by climate change but are being protected by IFAD's work.

Contact details of proponents (indicating the degree of commitment among the countries and organizations that are named).

Margarita Astralaga - Director of Environment, Climate, Gender and Social Inclusion, IFAD – m.astralaga@ifad.org