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Enabling poor rural people
to overcome poverty

President's memorandum

Proposed supplementary grant to the Republic of Zambia for the

Smallholder Agribusiness Promotion Programme

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed supplementary financing to the Republic of Zambia for the Smallholder Agribusiness Promotion Programme, as contained in paragraph 11.

President's memorandum

Proposed supplementary grant to the Republic of Zambia for the Smallholder Agribusiness Promotion Programme

A. Introduction

1. This memorandum seeks approval for supplementary grant financing of US\$1 million for the Smallholder Agribusiness Promotion Programme (SAPP) in Zambia, approved by the Executive Board in September 2009.
2. As highlighted in paragraph 35 of the relevant document (EB 2009/97/R.20/Rev.1), the programme is financed by IFAD with a loan of about US\$20 million. The supplementary financing being sought is available under Sweden's complementary contribution to the Eighth Replenishment of IFAD's resources. The use of this contribution for the Zambia programme is consistent with the Executive Board's decision, in September 2009, that the Swedish funds be used for both grant financing and the enhancement of the design and implementation of regular IFAD projects and programmes to increase food security in the least developed countries (EB 2009/97/R.40/Rev.2).

B. Background

3. In paragraph 16 of document EB 2009/97/R.20/Rev.1, the European Union was identified as a key partner for SAPP. At the time of SAPP design, the European Union was formulating a Performance Enhancement Programme (PEP) to develop the capacity of the Ministry of Agriculture and Cooperatives. As the design processes for SAPP and PEP were progressing at different rates, and both included some aspect of institutional strengthening of the Ministry of Agriculture, there was consensus that a common approach needed to be followed by all of the Ministry's partners, and that PEP would be the overarching framework. As the PEP design has now been finalized, the component of SAPP that deals with developing a conducive environment for agribusiness development by strengthening the capacity of the Ministry has now been revisited.
4. PEP is a broad and ambitious effort to enhance the Ministry of Agriculture's capacity to define and carry out its functions. It encompasses a wide range of institutional issues, including human resource management, culture change, information and communication technologies, and monitoring and evaluation (M&E) systems. As SAPP is hosted in the Ministry of Agriculture, PEP will be important in ensuring good implementation and sustainability of some SAPP activities, as well as hand-over of full management responsibility to the Ministry. The link between the efforts of PEP and SAPP to strengthen the Ministry was discussed during the quality assurance process, when agreement was reached to continue to work with the European Union to define a common approach. The opportunity to contribute more substantially to PEP emerged when the Swedish complementary funds became available for Zambia. The

Swedish International Development Cooperation Agency (SIDA) in Zambia has been involved in the discussions.

C. Justification and rationale

5. The overall goal of the grant-financed activities will be to strengthen the Ministry of Agriculture's M&E systems and coordination role, and improve the availability and timeliness of relevant food security information in Zambia. The strategy pursued under the grant is to build public-sector capacity to coordinate stakeholders in the agricultural sector more effectively; to improve the quality, reliability and timeliness of food security information; and to strengthen the Ministry's own M&E systems and its capacity to plan, monitor, report and evaluate its own performance and that of the sector. The key recipient institution for this grant will be the Ministry's Policy and Planning Department, which is also the department hosting the SAPP office. All proposed activities will be part of SAPP's annual workplan and budget, will be managed by the SAPP team and will be directly supervised by IFAD as an integral part of SAPP.

D. Programme costs

6. The total revised programme cost is US\$24.5 million over seven years. The sources of financing are: (i) IFAD, with a loan of US\$20 million (81.6 per cent) and the proposed supplementary grant of US\$1.0 million (4.1 per cent); (ii) the Government, with counterpart funds amounting to US\$1.5 million (6.1 per cent); and (iii) beneficiaries, with a contribution of US\$2.0 million (8.2 per cent).

E. Proposed modifications to the financing agreement

7. Upon agreement of the Executive Board, the financing agreement will be amended to reflect the supplementary IFAD financing. This financing strengthens the financing plan initially agreed at design and does not imply any modification of the programme description.

F. Legal instruments and authority

8. An amendment to the current programme financing agreement between the Republic of Zambia and IFAD will constitute the legal instrument for extending the proposed supplementary financing to the borrower/recipient.
9. The Republic of Zambia is empowered under its laws to receive financing from IFAD.
10. I am satisfied that the proposed supplementary financing will comply with the Agreement Establishing IFAD.

G. Recommendation

11. I recommend that the Executive Board approve the proposed supplementary financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a supplementary grant to the Republic of Zambia in an amount of US\$1.0 million, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President