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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED

TECHNICAL ASSISTANCE GRANT

TO THE

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

FOR THE

MULTI-DONOR FOOD SECURITY AND RURAL DEVELOPMENT HUB



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I submit the following Report and Recommendation on a proposed technical assistance (TA) grant to the Southern African Development Community (SADC) to support the Multi-Donor Food Security and Rural Development Hub, in the amount of USD 900 000 for a three-year period.

I. BACKGROUND

Rural Development and Rural Poverty in SADC

1. Despite differing successes in economic reform and growth, SADC member states face very similar rural development challenges. About 70% of the subregion's population live in rural areas and the economies of a majority of member states are also dominated by the agricultural sector — agriculture's share of the gross domestic product is higher than 16% in nearly half the SADC countries. The sector provides a substantial share of the region's exports and employs, on average, an estimated 70% of the rural population. Agriculture also provides raw material for the expanding agro-industrial base.

2. In many SADC countries, poverty still remains widespread, institutional and human resource capacities are weak. Productivity of the natural resource base is declining rapidly in some states due to poor resource-use policies and cultivation practices. Food security in SADC countries is not only critical, but has worsened in recent years. To a large extent, strategies adopted by member states to promote growth and reduce poverty have been "pro rural", but implementation of these programmes has been hampered by the lack of capacity to tackle existing complex problems and emerging problems in an effective manner.

3. For a variety of reasons, past donor assistance has not been effective in yielding the desired results or achieving the expected impact on agricultural productivity, rural incomes and overall food security. The decline in external development assistance in recent years has also disproportionately affected the rural sector. The persistence of hunger and malnutrition in SADC countries, in spite of efforts of SADC and national governments, provides a strong rationale for a SADC multi-donor partnership in agriculture and rural development in the context of the Multi-donor Food Security and Rural Development Hub (the Hub). The Hub provides an additional instrument for sourcing high quality technical support consisting of international and local experts for sustainable rural development based on nationally derived priorities and development strategies.



Institutional Setting of the Hub

4. The Declaration and Treaty establishing SADC, which replaced the Coordination Conference, was signed on 17 August 1992 at the Summit of Heads of State or Government in Windhoek, Namibia.

5. At the present time, SADC has 14 members, with each member state having responsibility for coordinating specific sectors on behalf of the Community¹. A Chairman and a Vice-Chairman head it, but day-to-day operations are managed by a Secretariat located in Gaborone, Botswana. Ministers of each SADC member state make up the Council of Ministers. An important responsibility of the Council is to decide upon sectoral areas of cooperation within both the SADC member states and external donor partners, and it does so by allocating responsibilities for specific sectors to individual member states. When a specific member state has been assigned a sector of responsibility, the minister representing the sectoral focus within the member state then chairs the Sectoral Committee of Ministers. All Sectoral Committees report in turn to the Council of Ministers. Because Zimbabwe has sectoral responsibility, all matters of food, agriculture and natural resources are coordinated by the Food Agriculture and Natural Resource Sector Development Unit (FANR SDU) based in Harare.

II. RATIONALE/RELEVANCE TO IFAD

6. Rural development assistance in the SADC region is increasingly articulated within the framework of government-led programmes mobilizing the support of coalitions of bilateral and multilateral donors. IFAD's strategy in the region prioritizes the development of joint programming and financing to raise the level of focus on poverty alleviation through rural economic empowerment as well as to provide an effective mechanism for knowledge dissemination. Such a system requires strong capacity for policy and programme development at the national and regional levels, and affords the opportunity for downstream donor coordination in programme implementation itself. Within this context, the proposed Hub is a new and strategic instrument between SADC member states and their international development partners for tackling issues of poverty and food security (including IFAD's priority concerns with water management and rural finance) in a more holistic and sustainable manner. The guiding principles of this multi-donor partnership will include regional/multisectoral focus; SADC ownership; autonomy and flexibility; and shared resources and knowledge. Hub design draws strongly on experience gained in the multi-donor (including IFAD)-supported Regional Unit for Technical Assistance programme in Central America.

III. THE PROPOSED PROGRAMME

7. The key objective of the Hub is to provide timely technical support for the development, implementation and monitoring of jointly determined SADC and donor-supported programmes in the food, agriculture and natural resources sector of SADC member countries. Specifically, the Harare Hub will focus on:

- (a) **Rural strategy formulation.** Providing active and timely support to member states in preparing and refining their rural development strategies and policies aimed at promoting growth, reducing poverty and raising food security.
- (b) **Project preparation.** Providing assistance to SADC member states in preparing national projects as well as donor-financed projects and programmes in member states.

¹ The countries of SADC are: Angola, Botswana, Democratic Republic of The Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Seychelles, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe. While SADC headquarters is located in Gaborone, Botswana, the FANR SDU is located in Harare, Zimbabwe.



- (c) **Implementation support.** Providing key implementation support to national ministries and agencies, including monitoring of implementation.
- (d) **Capacity-building.** Supporting capacity-building activities of member states in various areas through attachments, internships, workshops, seminars and conferences. The Hub will also function as a sub-regional centre of excellence in capacity building through various activities, including attachment and internship programmes for staff of rural development ministries.
- (e) **Networking.** In addition to promoting regional partnership and collaboration in rural development, the Hub will also serve as a centre for networking among various multilateral and bilateral agencies for seeking and leveraging resources and TA given the limited resources of member states.

8. The Hub is envisaged as three-year pilot activity. The key objective of the pilot phase is to start small, scaling-up activities based on the lessons learned. Consistent with this approach, the FANR SDU of SADC will phase in key aspects of the Hub, including the placement of donor staff, establishment of national focal points (Spokes) and key activities. Towards the end of the pilot phase a joint evaluation will be undertaken by the SADC and participating donors to guide future implementation. This evaluation, in which IFAD's Office of Evaluation and Studies will participate, will focus on the concrete contribution of the Hub to what it can be reasonably expected to produce in its first phase: rural development strategies and programmes better and more explicitly focused on poverty alleviation and food security; higher levels of coordination of donor development assistance in rural development; and more timely and effective action to address systematic issues in programme implementation.

9. The Hub will function within the legal framework of SADC. The management of the Hub will report to a joint committee of SADC (FANR SDU) and participating donors known as a Steering Committee. This Steering Committee will set operational guidelines and policies, oversee implementation of programmes, and ensure adherence to the rural development priorities set by the Committee of Ministers of Food, Agriculture and Natural Resources and the Permanent Secretaries.

10. The work programme of the Hub will be an aggregation of rural development priorities identified in each SADC member state. Each national work programme will constitute a single, country-level framework contract with clearly defined activities for which the member states will be requesting support from the Hub. Each of these framework contracts will be aggregated into a Hub Framework Programme that will then be endorsed by the Steering Committee.

11. The management of the Hub will prepare annual and other performance reports to the Steering Committee. It will also prepare status reports and provide updates on specific donor-financed programmes being implemented by the Hub or at one or several of its Spokes. An independent auditor will undertake an annual audit of the financial activities of the Hub and all of its Spokes.

IV. EXPECTED OUTPUTS/EXPECTED BENEFITS

12. Measurable benefits will include rural development strategies and policies developed with unified support and input from multiple donors, improved product design and reduced risks through close monitoring, and timely provision of technical advice. These benefits will need to be measured in terms of development impact, poverty reduction, and improvement in the quality of life in rural areas of SADC countries. Finally, improved donor coordination will lead to better use of scarce resources, improved products and services, and increased build-up of African capacity in both the public and the private sectors.

V. IMPLEMENTATION ARRANGEMENTS

13. A director will manage the Hub and Spokes with support from a full-time administrative officer. The core staff of the Hub will be determined on the basis of the rural development priorities agreed by the Committee of Ministers of Food, Agriculture and Natural Resources, the FANR SDU and the Hub. After the development of the initial work programme, subsequent programmes will be agreed upon through the tripartite arrangement of SADC, Hub staff and participating donors.

VI. INDICATIVE PROGRAMME COSTS AND FINANCING

14. The total indicative cost of operating the Hub and Spokes is estimated at USD 9.7 million over the initial three-year pilot phase (Table 1). The costs include a total of USD 4.5 million (46%) for donor-mobilized and locally recruited staff, and inclusive of the Spokes; USD 0.7 million (7%) for internal and regional travel; and USD 0.3 million (3%) for consultancy services. In addition, a capacity-building, training and special studies fund of USD 1.5 million (15.4%) will be established to address specific capacity-building needs and/or respond to special rural development requests of member states. The total Hub administrative costs over the three years are estimated at USD 2.7 million, but this includes a total of USD 0.9 million for the cost of setting up communication linkages, related equipment and technical assistance; USD 0.5 million for equipment; and USD 0.5 million for office accommodation.

**TABLE 1: ESTIMATED COSTS OF THE HUB, HARARE — CY99 TO CY02
(USD '000)**

Cost Category	CY99	CY00	CY01	CY02	Total	%
Hub operations		1 316	1 148	1 477	3 941	40.5
Consultancy services		100	100	100	300	3.0
Training and capacity-building		500	500	500	1 500	15.4
Hub travel		210	210	250	670	6.8
Hub administration	1 044	594	514	634	2 785	28.6
Hub spokes		133	178	222	533	5.4
Total costs	1 044	2 853	2 649	3 183	9 729	100

15. Sources of funds for the Hub and Spokes will include participating donors and SADC member states. Such funds will cover operational costs, overheads, and the cost of TA and capacity-building activities. Initially, the proposed partnership will include key multilateral donors (African Development Bank, European Union (EU), Food and Agriculture Organization of the United Nations (FAO), IFAD, United Nations Development Programme (UNDP) and the World Bank) and bilateral donors (Japan, the German Agency for Technical Cooperation and the United States Agency for International Development). However, it will be expanded over time to accommodate new members, depending on the capacity established within the Hub for proper programme management and the requirements of the work programme. However, all other multilateral and bilateral donors will continue to play active roles in terms of specific activities which could be implemented by the Hub, and by participating in joint strategy development and priority setting in the context of the Hub work programmes.

16. The financing plan proposed by SADC is based on the initial consultations held with the potential donor partners. The proposed financing plan is presented in Table 2.

**TABLE 2: PROPOSED FINANCING PLAN FOR THE HUB, HARARE
(USD '000)**

	Japan	EU	Bilateral	IFAD	UNDP	World Bank	FAO	SADC	Total
Total Costs	2 013	2 013	1 412	900	923	1 308	923	237	9 729

- (a) Japan and EU will initially provide support through a framework contract.
(b) UNDP, FAO and World Bank will second staff to the Hub.

VII. RECOMMENDATION

17. I recommend that the Executive Board approve the proposed technical assistance grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Multi-Donor Food Security and Rural Development Hub for three years **commencing in January 2000**, shall make a grant not exceeding nine hundred thousand United States dollars (USD 900 000) to the Southern African Development Community (SADC) upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Fawzi H. Al-Sultan
President