



**IFAD**  
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**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON A PROPOSED

**TECHNICAL ASSISTANCE GRANT**

TO

**BELIZE, COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, MEXICO,  
NICARAGUA AND PANAMA**

FOR THE

**REGIONAL UNIT FOR TECHNICAL ASSISTANCE (RUTA) – PHASE V**



## TABLE OF CONTENTS

<b>ABBREVIATIONS AND ACRONYMS</b>	<b>iii</b>
<b>I. BACKGROUND</b>	<b>1</b>
<b>II. RATIONALE AND RELEVANCE TO IFAD</b>	<b>2</b>
<b>III. THE PROPOSED PROGRAMME</b>	<b>3</b>
A. Goal and Objectives	3
B. Key Programme Activities	3
<b>IV. EXPECTED OUTPUTS AND BENEFITS</b>	<b>3</b>
<b>V. IMPLEMENTATION ARRANGEMENTS</b>	<b>4</b>
<b>VI. INDICATIVE PROGRAMME COSTS AND FINANCING</b>	<b>4</b>
<b>VII. RECOMMENDATION</b>	<b>5</b>
<b>APPENDIX: TENTATIVE LOGFRAME: RUTA – PHASE V</b>	<b>1</b>



## ABBREVIATIONS AND ACRONYMS

CAC	Central American Council of Ministers of Agriculture and Livestock
CIFOR	Centre for International Forestry Research
DFID	Department for International Development (United Kingdom)
FAO	Food and Agriculture Organization of the United Nations
IDB	Inter-American Development Bank
IICA	Inter-American Institute for Cooperation on Agriculture
NTU	National technical unit
PREVAL	Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty Alleviation Projects in Latin America and the Caribbean
PROMER	Rural Microenterprise Support Programme in Latin America and the Caribbean
RUTA	Regional Unit for Technical Assistance
UNDP	United Nations Development Programme



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REGIONAL UNIT FOR TECHNICAL ASSISTANCE (RUTA) – PHASE V**

I submit the following Report and Recommendation on a proposed technical assistance grant to Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama to support the Regional Unit for Technical Assistance (RUTA) – Phase V, in the amount of USD 1.4 million for a four-year period.

**I. BACKGROUND**

1. RUTA has existed since 1980 as a successful technical assistance project that is very much demand-driven, allowing it to respond to changing needs and demands of the recipient government and participating agencies. It has been focusing on a wide range of strategic and operational issues related to agricultural rural development through definition or establishment of policies and the implementation of investment projects aiming at poverty alleviation. RUTA is a maturing programme moving from a donor-driven project design facility, to a unit that supports stronger collaboration among recipient governments, and promotes the exchanges of experiences among partner agencies and investment projects in Central America.

2. It can be concluded that RUTA's work has covered a fundamental necessity for IFAD. It has done so in an efficient manner with a good technical level and fairly low costs. Given the size of IFAD's investment portfolio in Central America, with 18 operations, for a total investment of more than USD 275 million, RUTA provides important technical assistance support for its implementation.

3. Phase IV of RUTA, approved by the Executive Board in April 1997 for a period of three years, started in July 1997. Its main focus has been: (a) to carry out a core policy agenda consisting of five principal themes – trade policy, rural finance, land administration, decentralization of services, and disadvantaged groups (women, indigenous peoples etc.); (b) to provide implementation assistance to ongoing projects of agencies; and (c) to assist lending agencies in preparation work for investment projects.

4. RUTA has provided valuable implementation support to IFAD's ongoing operations through specific training, workshops and technical assistance. It has played a crucial role in the formulation of new operations in El Salvador, Honduras and Nicaragua. It has also supported the efforts of other IFAD regional programmes receiving technical assistance grants, and regional activities in such areas as gender and project financial administration. IFAD has benefited from the presence of experts of the Food and Agriculture Organization of the United Nations (FAO), who have supported activities to improve the performance of the Fund's rural financial service components and a regional study on marketing aspects. IFAD's collaboration, through RUTA, has resulted in a cofinanced operation with the World Bank in Nicaragua. RUTA provided crucial support during the emergency period following Hurricane Mitch's devastating impact.



5. An evaluation mission composed of members of all seven partner agencies was undertaken in July 1999. The mission's overall assessment of the programme states that RUTA's achievements are considerable, given the uniqueness of the RUTA experience, bringing together 17 partners (seven Central American governments and ten multi- and bilateral agencies). Some of the main conclusions and recommendations presented in the evaluation report are:

- RUTA provides “real solutions to real problems” and communicates advice that facilitates decision-making. RUTA's contribution enhances the quality of decisions, resulting not merely in passive acceptance but also in effective ownership by decision-makers.
- RUTA is considered a “one-stop shop” with its own in-house expertise and with easy access to a wide network of professionals and financial resources. It has shown flexibility in responding to demands, which is seen as one of its greatest assets. RUTA's contributions shorten project start-up time, thereby reducing costs.
- RUTA should strengthen its role at regional level; and further strengthen and facilitate collaboration among partner agencies, leading to joint products in knowledge management and project preparation and implementation.

6. The mission recommended that, for a new phase, agreement should be reached on a limited set of collective, regional priorities by the agencies and ministers of agriculture; and on a few meaningful impacts for RUTA IV, based on a logical framework. Furthermore, the mission recommended that, rather than simply seeking a sustained, institutional financial arrangement for a future RUTA, a more sustainable programme be identified, which should include implementation periods of four to five years and more flexible, untied funding by the agencies.

7. The Department for International Development (DFID) (United Kingdom) will become a new partner during this phase; and the Centre for International Forestry Research (CIFOR), an international research institute dedicated to natural resources management, will become an associate and strengthen RUTA's expertise in this area.

## **II. RATIONALE AND RELEVANCE TO IFAD**

8. RUTA is a unique experience in Central America, for which strong support exists at the level of the multilateral and bilateral agencies, as well as among ministers of agriculture and IFAD's project staff, who receive technical assistance and training through RUTA. Since IFAD investment projects aim at sustainable rural development and poverty eradication, they are very much linked and interdependent with the other investment activities of its partners. This new phase should achieve a stronger collaboration among recipient countries and agencies in issues of regional concern. IFAD's particular interest coincides with its corporate strategy goals to strengthen further its strategic linkages and partnerships and to improve the impact of its portfolio in Central America.

9. Special emphasis will be given to regional and national policy work and the strengthening of national capacities in critical areas such as policy formulation and its impact on the rural poor. Attention will also be paid to strategic and critical issues related to the implementation of IFAD's investment projects such as microfinance, the decentralization of decision-making and the privatization of services.



### **III. THE PROPOSED PROGRAMME**

#### **A. Goal and Objectives**

10. The general objective of RUTA V is to strengthen national and regional capacities in the context of a strategic framework to make the agricultural sector more competitive and alleviate rural poverty in the region. To achieve this, RUTA will support recipient governments in analysing and developing policies; preparing and implementing investment and technical assistance projects; and promoting local participation, the sustainable management of natural resources and the development of markets for private services.

11. RUTA partner agencies will promote actions to harmonize their policies on specific themes and to deepen collaboration through priority programmes at national level. This approach will facilitate the articulation of a large number of investment projects, which are independently financed by various donor agencies. RUTA and its partners will facilitate and support the implementation of a regional agenda through existing regional mechanisms such as the Central American Council of Ministers of Agriculture and Livestock (CAC). IFAD's specific areas of focus remain those issues that have a direct impact on the poverty situation of IFAD's target group.

#### **B. Key Programme Activities**

12. During the proposed next phase, with a duration of four years, RUTA will place emphasis on addressing issues at regional and national policy level and providing support to project implementation as well as interagency collaborations that will result in joint products among the various partners of RUTA. Four thematic areas have been identified that constitute the regional agenda: (a) rural poverty and natural resource management; (b) trade, marketing and agribusiness; (c) sustainable agricultural production; and (d) rural institutions. In addition there will be three cross-cutting themes: (a) gender; (b) indigenous peoples; and (c) vulnerability of livelihoods. Activities developed in these themes may include special studies, workshops, training of government and project staff, and punctual technical assistance.

13. RUTA will continue to provide implementation and technical assistance support to IFAD's portfolio of 18 ongoing projects in Central America. It will continue its training and technical assistance to improve the rural financial service components. In this new phase, it is expected that RUTA will collaborate with the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty Alleviation Projects in Latin America and the Caribbean (PREVAL) II in improving monitoring and evaluation aspects of IFAD's portfolio, as well as with the Rural Microenterprise Support Programme in Latin America and the Caribbean (PROMER) in microenterprise development, through technical assistance and regional training workshops. RUTA will also facilitate opportunities that may be identified for cofinancing of IFAD's programmes in El Salvador, Guatemala, Honduras and Nicaragua, related to its preliminary lending programme from 2000-2003.

### **IV. EXPECTED OUTPUTS AND BENEFITS**

14. Important outputs to be expected from this new phase of RUTA are a stronger regional focus, especially on the four thematic areas selected. It is foreseen that regional bodies such as CAC will be strengthened in their capacity to prepare decisions in these areas on policy matters that affect Central American countries. RUTA will facilitate discussion through workshops and studies on the impact of new trends in rural poverty with a view to promoting innovative solutions to existing problems. Many of these activities will be documented, and some will be presented as joint interagency activities. It is also expected that at the request of at least one recipient government, IFAD will collaborate through RUTA with the World Bank and other donors in preparing a comprehensive development framework



for that country, which should result in a more articulated development of investment projects as well as cofinancing.

15. Regarding IFAD's portfolio of 18 ongoing projects, it is expected that RUTA will provide as requested, implementation support and technical assistance in such areas as project management and administration and on technical issues related to decentralization, privatization of services and microfinance. Several regional workshops have been held in order to strengthen collaboration and cross-fertilization among IFAD's projects. RUTA will support other technical assistance grants, particularly PREVAL II, PROMER and FIDAMERICA, in achieving common objectives in such areas as the systematization of implementation experiences and the improvement of monitoring and evaluation systems. RUTA will also publish yearly at least one document presenting the results of these systematized experiences.

## **V. IMPLEMENTATION ARRANGEMENTS**

16. RUTA has considerably improved its planning and coordination arrangements at national level with ministers of agriculture, and at regional level through CAC. Improvements have also been made among partner agencies, which have met every year to discuss the annual workplan and budget as well as matters of importance to the continued improvement of RUTA's operations. These efforts will be consolidated and improved through a more meaningful dialogue at country level between RUTA and its partner agencies, through a careful selection of the number of activities included in RUTA's annual workplan, and through an increase in the time dedicated to collaboration among RUTA's staff of experts from the different agencies.

17. The regional unit will remain in San José, Costa Rica, and will be staffed with 14 specialists, who will include new members from DFID and of CIFOR. This team of specialists brings together expertise in such technical areas as project implementation and administration, microfinance, gender, natural resource management, indigenous peoples, institutional development and participation, and decentralization. The national technical units (NTU), which are integrated into the ministries of agriculture in each country, will be strengthened in their planning capacities as well as in the strategic themes of RUTA. The present administrative arrangements with the United Nations Development Programme (UNDP) for project administration will continue. IFAD will sign a letter of agreement with the World Bank for the administration of IFAD's resources.

18. In this new phase, monitoring and supervision arrangements will be improved, based on an integration of planning instruments and reporting as well as joint supervision missions by partner agencies, complementary to actual individual supervision by each agency. A few indicators will be agreed upon to measure impact achieved during this phase. The director of RUTA will prepare an annual report; in addition an external audit will be prepared on an annual basis for presentation to participating agencies. A six-monthly portfolio report will be prepared for IFAD's ongoing operations. A joint agency evaluation will take place after three years.

## **VI. INDICATIVE PROGRAMME COSTS AND FINANCING**

19. The contribution from each of the participating agencies and from the recipient Central American governments is estimated at USD 11.65 million. Most agencies will provide a staff member and some additional funds for operational costs. This is particularly valid for CIFOR, FAO, the Inter-American Development Bank (IDB), the Inter-American Institute for Cooperation on Agriculture (IICA), and UNDP. The World Bank, DFID and IFAD will provide, in addition to staff or experts, cash funding that will be utilized for training, workshops and studies among other activities. In this new phase, each agency has been requested to provide a portion of untied funding to facilitate the implementation of the regional agenda. The contribution of recipient governments will often be in the form of cost sharing for specific studies, participation in workshops on training of nationals.

**TABLE 1: RUTA V – PROGRAMME FINANCING**

Sources of Financing	USD	Percentage
<b>A. Cash</b>		
CIFOR	120 000	2
DFID	580 900	10
FAO	200 000	3
IDB	140 000	2
IFAD	1 400 000	22
IICA	80 000	1
World Bank	1 962 800	33
Governments	1 166 000	21
Specific contracts	155 300	3
From previous phase	155 000	3
<b>Subtotal</b>	<b>5 960 000</b>	<b>100</b>
<b>B. In Kind</b>		
CIFOR	336 000	6
DFID	360 000	6
FAO	974 400	17
IDB	480 000	8
IFAD	72 000	1
IICA	480 000	8
UNDP	110 000	2
World Bank	2 880 000	51
<b>Subtotal</b>	<b>5 692 400</b>	<b>100</b>
<b>Total</b>	<b>11 652 400</b>	

**TABLE 2: RUTA V – PROGRAMME COSTS  
IFAD**

Component	USD	Percentage
<b>1. Personnel</b>		
Rural development specialist (long-term consultant)	210 000	15
Training coordinator (long-term consultant)	70 000	5
Consultants (short-term international and national, including travel)	260 000	19
<b>2. Training</b>		
Project support	310 000	22
Core agenda	96 000	7
<b>3. Studies for core agenda</b>	184 000	13
<b>4. Operational travel</b>	190 000	14
<b>5. Miscellaneous and contingencies</b>	80 000	6
<b>Total</b>	<b>1 400 000</b>	<b>100%</b>

## VII. RECOMMENDATION

20. 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 Regional Unit for Technical Assistance (RUTA) – Phase V, for four years, commencing in July 2000, shall make a grant not exceeding one million four hundred thousand United States dollars (USD 1 400 000) to Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama 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



**TENTATIVE LOGFRAME:**

**RUTA – PHASE V**

**2000-2004**

<b>Log Order</b>	<b>Indicators</b>	<b>Measures</b>	<b>Assumptions</b>
<b>General Development Objective</b> Efficient and competitive agricultural sector leading to alleviation of rural poverty			
<b>Specific Purpose</b> Strengthen national and regional capacities to formulate and implement policies and investment programmes	Client satisfaction with services provided by RUTA	Evaluation 3 <sup>rd</sup> year Special impact studies	Availability of sufficient resources Willingness to learn within the institutions.
<b>Expected results</b> 1. RUTA facilitates and supports implementation of a regional agenda through existing regional mechanisms such as Central American Council of Ministers of Agriculture and Livestock (CAC)  2. RUTA partner agencies promote actions to harmonize their policies on specific themes and to deepen collaboration through priority investment programmes at national level  3. IFAD's 18 ongoing projects demand and utilize implementation support and technical assistance from RUTA	1.1. A regional agenda agreed and implemented; 1.2. Regional agreement on commercial policies' harmonization; 1.3. At least one publication on a topic of the regional agenda.  2.1. Inter-agency workshops/studies on rural finance services, gender and indigenous peoples; 2.2. A comprehensive development framework for one country prepared by IFAD, the World Bank and other donors; 2.3. At least two cofinanced operations with one or more RUTA partners; 2.4. Lessons learned/best practices shared on various issues among the governments.  3.1. At least one technical assistance per project per year; 3.2. Workshops organized in gender, RFS, marketing, project administration and monitoring and evaluation (M&E).	CAC meetings RUTA Report Agreement RUTA reports Publications RUTA reports  Publications  COSOP  Lending programme  Publications Reports  Reports Workshops proceedings	Political willingness to create a common agenda  Existence of incentives within the agencies to promote and facilitate collaboration and harmonization  RUTA services understood and appreciated by projects



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**TENTATIVE LOGFRAME (CONTINUED)**  
**RUTA – PHASE V**  
**2000-2004**

<b>Log Order</b>			
<p><b>Activities</b></p> <p>1.1. Regional studies on the impact of new trends in rural poverty</p> <p>1.2. Regional fora and workshops to discuss and seek innovative solutions</p> <p>1.3. RUTA advisory activity to governments and CAC</p> <p>2.1. Organization of inter-agency meetings and activities on RFS, gender, indigenous people</p> <p>2.2. Joint programmes of lending with World Bank and IDB</p> <p>3.1. Organization of regional workshops to strengthen collaboration and cross-fertilization among projects</p> <p>3.2. Technical assistance and training of project staff</p>			

2

