

a

IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-Second Session
Rome, 8-9 September 2004

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED

TECHNICAL ASSISTANCE GRANT

TO

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

FOR THE

REGIONAL UNIT FOR TECHNICAL ASSISTANCE (RUTA) – PHASE VI

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	ii
I. BACKGROUND	1
II. RATIONALE/RELEVANCE TO IFAD	1
III. THE PROPOSED PROGRAMME	2
IV. EXPECTED OUTPUTS/EXPECTED BENEFITS	2
V. IMPLEMENTATION ARRANGEMENTS	4
VI. INDICATIVE PROGRAMME COSTS AND FINANCING	4
VII. RECOMMENDATION	4
APPENDIX	
RUTA PHASE VI - LOGICAL FRAMEWORK	1

ABBREVIATIONS AND ACRONYMS

CAC	Central American Council of Ministers of Agriculture and Livestock
CCAD	Central American Commission on Environment and Development
DFID	Department for International Development (United Kingdom)
FAO	Food and Agriculture Organization of the United Nations
IDB	Inter-American Development Bank
IFPRI	International Food Policy Research Institute
IICA	Inter-American Institute for Cooperation on Agriculture
RUTA	Regional Unit for Technical Assistance
TAG	Technical Assistance Grant
UNOPS	United Nations Office for Project Services

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD TO
THE EXECUTIVE BOARD ON A PROPOSED TECHNICAL ASSISTANCE GRANT TO
BELIZE, COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, NICARAGUA
AND PANAMA
FOR THE
REGIONAL UNIT FOR TECHNICAL ASSISTANCE (RUTA) – PHASE VI**

I submit the following Report and Recommendation on a proposed technical assistance grant (TAG) to Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama to support the Regional Unit for Technical Assistance (RUTA) – Phase VI, in the amount of USD 1 230 000 for a three-year period.

I. BACKGROUND

1. The Central American subregion faces great challenges relating to poverty. The rural poor account for approximately 60% of the total rural population and for about two-thirds of all poor. This represents an enormous hurdle to be overcome in meeting the Millennium Development Goal of reducing extreme poverty by half by 2015. Widespread poverty has led to intensive migration, a deteriorating environment and unequal development opportunities. In this context, the development policies followed by the five Central American countries, and Belize and Panama show significant differences and, in some cases, have produced notable results in reducing poverty, providing a basis for introducing solutions through a combination of improved policies and more effective project implementation. Over the last two decades, the international and bilateral cooperation agencies, including IFAD, have allocated resources to assist governments in the subregion in identifying suitable policies and instruments for reducing poverty.

2. IFAD has been operating in Central America since 1980. Given that the subregion accounts for nearly 40% of IFAD's loan portfolio for Latin America and the Caribbean, it is important that the Fund has substantial technical assistance capacity to support the subregion's governments in developing pro-poor rural development policies and programmes.

3. The Regional Unit for Technical Assistance programme has been operational since 1982, as a unique joint effort by the five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), Belize, Panama and seven partner agencies¹. RUTA was conceived as a mechanism whereby all partners involved would benefit from working together in rural development and poverty reduction activities.

II. RATIONALE/RELEVANCE TO IFAD

4. In May 2000, the Sixty-Ninth Session of IFAD's Executive Board approved a new four-year phase for RUTA (Phase V). During this phase, RUTA placed an emphasis on addressing issues at the regional and national policy levels and on supporting project implementation. The evaluation of the last phase of RUTA, carried out in May-June 2003, recommended that RUTA be continued as a programme, given that both member governments and partner agencies consider it an effective

¹ Inter-American Development Bank (IDB), the Inter-American Institute for Cooperation on Agriculture (IICA), the Department for International Development (United Kingdom), the International Food Policy Research Institute (IFPRI), the Food and Agriculture Organization of the United Nations (FAO), the World Bank, and IFAD.

mechanism for rural, agricultural and environmental development in the region. This recommendation has to be considered within the current Central American context where, over the last decade, the subregion continues to show sharp contrasts in development levels among countries, and Nicaragua and Honduras have been designated as Heavily-Indebted Poor Countries. Therefore, validity of the RUTA concept still stands and the demand for the type of services it provides remains.

5. As a multi-country and inter-agency programme, RUTA is a functional solution, given that the five Central American countries and Belize and Panama are seeking to improve coordination through a regional agenda. This improved coordination aims to make better use of the limited international cooperation resources now being assigned to the Central America subregion (including Belize and Panama) for rural and agricultural development. Four thematic areas have been identified as relevant for the regional agenda: (i) rural poverty and natural resource management; (ii) trade, marketing and agribusiness; (iii) sustainable agricultural production; and (iv) rural institutions. In addition, three cross-cutting themes have been identified, namely: (i) gender; (ii) indigenous people; and (iii) vulnerability of livelihoods.

III. THE PROPOSED PROGRAMME

6. **Goal and Objectives.** RUTA's overall objective for the new Phase VI, as put forward in the *Inter-Agency Project Document*, is to contribute to the eradication of rural poverty and the promotion of sustainable rural development in the Central American subregion (including Belize and Panama). RUTA's purpose in this phase is to provide regional and national public and private institutions with the capacity to develop, more efficiently, policies, strategies, programmes and projects that contribute to the programme goal.

7. IFAD's strategy in RUTA is based on the *Strategic Framework for IFAD 2002-2006* and on the regional strategy for Latin America and the Caribbean. IFAD's efforts in the Central American subregion, and Belize and Panama, have centred on developing a constructive policy dialogue with each country, aiming to include the rural poor in the national and regional agendas. Participation in RUTA enhances the Fund's capability to influence policy and project matters through: (i) establishing an effective regional inter-agency working relationship, in order to promote the Fund's priorities in poverty eradication and rural development through the improvement of policies, programmes and projects in member countries; (ii) supporting regional and national institutions establishing a policy dialogue on themes related to IFAD's agenda in the region; (iii) providing the national executing institutions and projects under implementation with technical support to improve their effectiveness; and (iv) improving IFAD's knowledge base through access to up-to-date information on the status of national poverty and rural development policies.

IV. EXPECTED OUTPUTS/EXPECTED BENEFITS

8. RUTA has clients at the regional, national and local levels, most of the latter being local area rural development projects. In working to promote policies, programmes and projects in IFAD's areas of interest, RUTA uses technical assistance to governments, and on-the-job and formal training as its operational tools.

9. The rural poor are the ultimate beneficiaries of the rural development efforts made by both the governments and international agencies that are part of RUTA. The project, however, does not in general work directly with the rural poor, since its clientele consists mainly of government ministries, international agencies, project implementation units and rural organizations, these last representing the rural population.

10. Expected results from RUTA Phase VI are:

- **assistance in the analysis of regional policies.** Regional institutions (in particular the Central American Council of Ministers of Agriculture and Livestock (CAC) and the Central American Commission on Environment and Development (CCAD) will have strengthened capacity to formulate and implement pro-poor policies, strategies, programmes and projects;
- **assistance in the analysis of national policies.** National institutions and RUTA partner agencies will have enhanced capacity to formulate and implement rural policies, strategies, programmes and projects;
- **platform for knowledge management and training.** Governments and partner agencies have RUTA at their disposal and make use of the project as a platform for knowledge management and training, for the design, implementation, monitoring and evaluation of policies, strategies, programmes and projects in rural areas; and
- **improved internal management.** Management will be strengthened to improve project impact, making use of inter-agency synergy and flexible resource mobilization.

11. The strategies and actions carried out within the results framework are oriented towards strengthening regional and national capacities for policy analysis, based on inter-agency synergy and project comparative advantages.

12. **RUTA as a field presence initiative.** RUTA will continue to function as a proxy regional Field Presence initiative for gathering experiences and for the systemization and service delivery of best practices for project management, all of which are easily accessible on demand for all IFAD-financed projects in the region.

13. **RUTA as a forum.** RUTA plays an important role as a regional and inter-agency forum. It achieves this through: (i) following up closely on issues related to the evolving regional agenda in coordination with the CAC and the CCAD; (ii) disseminating consolidated information on the strategies, policies and programmes of the different partner agencies in the region; (iii) coordinating with local representatives of partner agencies, through existing communication channels; (iv) increasingly promoting activities as a forum for the exchange of ideas on and analysis of strategies and policies for themes central to its mandate; and (v) ensuring the participation of civil society in RUTA activities.

14. **Strengthening IFAD's capacity to innovate and improve knowledge management.** Activities and outputs would include: (a) consolidation of a network with other IFAD regional programmes in order to provide country projects with coordinated and better focused specialized technical assistance; (b) provision of inputs on innovative approaches, knowledge-sharing within and outside IFAD, policy dialogue, and a knowledge base of closed IFAD projects that have continued operations.

15. **Continuity.** RUTA's continuity is directly linked to the expressed need by Central American governments for support to improve the definition of pro-poor policies and to make better use of financial and human resources devoted to programmes in rural areas. The self-sustainability of RUTA's activities should be reinforced by enhancing the national and regional capacities of governmental and private institutions, and rural organizations to develop a regional agenda that includes policy changes to eradicate rural poverty by training, technical assistance, network-building, and knowledge management.

V. IMPLEMENTATION ARRANGEMENTS

16. In RUTA Phase VI, the World Bank would remain the executing agency, supported by the United Nations Office for Project Services (UNOPS) in the administration of funds. A Programme Steering Committee, where all partners are represented, would provide overall guidance to the programme and approve its biannual work plans.

17. The selection process and the definition of the lines of authority of the Programme Director will be dealt with differently in this new phase. Under the new arrangements, the Programme Director position would be filled by means of an open process. The Programme Director would report to the Steering Committee and the position would be financed by IFAD, DFID and the World Bank in equal shares.

VI. INDICATIVE PROGRAMME COSTS AND FINANCING

18. The estimated cost for the new three-year phase is approximately USD 9.07 million. The five Central American countries and Belize and Panama, and the seven partner agencies would cover this cost. A proposed IFAD grant of USD 1 230 000 will represent about 13.6% of total costs. As in previous stages of RUTA, IFAD would cover the costs of long and short-term consultants to provide technical assistance, training, studies and publications to RUTA's various clients.

Preliminary cost table by financing source and cost category (USD '000)

Cost Category	IFAD	World Bank	DFID	FAO	IFPRI	IICA	Government	IDB	TOTAL
Staff and long-term consultants	595	2449	1040	537	537	325	-	88	5568
Short-term consultants	235	-	210	-	-	-	-	-	445
Training	177	-	228	-	-	-	-	-	405
Travel	118	240	150	30	75	30	-	-	643
Operational expenses (regional staff)	63	171	86	1	1	-	-	-	323
National staff	-	-	-	-	-	-	1116	-	1116
Operational expenses (national staff)	-	-	-	-	-	-	441	-	441
Administration fees *	42	34	45	3	3	-	-	-	127
Total	1230	2894	1759	570	615	355	1558	88	9069

* Administrative fees to be paid to the administrative agency (UNOPS).

VII. RECOMMENDATION

19. 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 VI, for three years, commencing in September 2004, shall make a grant not exceeding one million two hundred and thirty thousand United States dollars (USD 1 230 000) to Belize, Costa Rica, El Salvador, Guatemala, Honduras, 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.

Lennart Båge
President

RUTA PHASE VI - LOGICAL FRAMEWORK

Objectives	Indicators	Means of Verification	Assumptions
<p>Development Objective RUTA member countries achieve sustainable poverty eradication impact with broad and equitable rural development policies, strategies, programmes and projects</p>	<ul style="list-style-type: none"> • Selected MDGs • UNDP Human Development Index (HDI) 	<ul style="list-style-type: none"> • United Nations (UN) reports • National statistics • International Bank for Reconstruction and Development (IBRD) reports • UN-HDI reports 	
<p>Project Objective Regional and national public and private institutions incorporate RUTA-catalysed quality improvements and change processes in the implementation of pro-poor policies, strategies, programmes and projects (PSPP)</p>	<ul style="list-style-type: none"> • Number and kind of pro-poor references in regional and national policies and strategies incorporated (*) • Resources for pro-poor programmes and projects in Central America increased. 	<ul style="list-style-type: none"> • National statistics • CAC data • Reports of RUTA national technical unit in member countries 	<ul style="list-style-type: none"> • Comparative advantages of the inter-agency set-up recognized by regional bodies and national rural development institutions
<p>Output 1 Regional public policy bodies (CAC, CCAD) are strengthened to develop and harmonize <i>regional</i> policies, strategies, programmes and projects on poverty reduction</p>	<ul style="list-style-type: none"> • Common rural poverty reduction agenda established • Number and kind of regional programmes for environmental services developed (CCAD) • Number of regional investment plans with focus on poverty reduction 	<ul style="list-style-type: none"> • Reports of CAC, CCAD • Monitoring and evaluation (M&E) reports of RUTA 	<ul style="list-style-type: none"> • Regional integration continues to be a priority for Central American member states • Partner agencies allocate resources to regional programmes and projects
<p>Output 2 <i>National</i> institutions for rural development and RUTA partner agencies have improved their capacities to design, implement and monitor poverty reduction policies, strategies, programmes and projects</p>	<ul style="list-style-type: none"> • New rural national pro-poor development policies and strategies elaborated • Number of programmes and projects with adequate pro-poor mechanisms and instruments implemented • Number of programmes and projects with improved poverty M&E systems 	<ul style="list-style-type: none"> • Government reports • M&E reports of RUTA 	<ul style="list-style-type: none"> • Continuous prioritization of national governments of poverty reduction

(*) The pro-poor references correspond to the four relevant thematic areas and three cross-cutting themes of RUTA described under paragraph 5 (rural poverty and natural resource management; trade, marketing and agribusiness; sustainable agricultural production; rural institutions; and gender, indigenous people and vulnerability of livelihoods).

<p>Output 3 Best practices and innovations (knowledge system and networking) for design, implementation and monitoring of poverty reduction policies, strategies, programmes and projects systematically accessed by governmental and non-governmental institutions</p>	<ul style="list-style-type: none"> • Management techniques, methodologies and pro-poor technologies developed and disseminated by RUTA • Number of technicians and staff of RUTA member countries trained. • Number and type of best practices documented. 	<ul style="list-style-type: none"> • Reports on TAG and training programmes • Documentation of best practices and innovations. 	<ul style="list-style-type: none"> • Indigenous and traditional knowledge recognized for poverty reduction policies, strategies, programmes and projects by governmental and non-governmental institutions
<p>Output 4 RUTA management strengthened to continuously produce highest quality inter-agency synergies, mobilize comparative advantages of partners and deliver tailor-made services to its clients</p>	<ul style="list-style-type: none"> • Achievement of planned inter-agency targets • Increased demand for RUTA services by regional public bodies and national institutions of RUTA member states • Number and kind of common activities of RUTA partners • Resource mobilization increased 	<ul style="list-style-type: none"> • Annual report of RUTA • Minutes of Steering Committee 	<ul style="list-style-type: none"> • RUTA partners development policies in line with IFAD regional strategy for poverty reduction
<p>Main activities:</p> <ul style="list-style-type: none"> • Implement policy studies and strategic analysis at the regional level • Support regional environmental strategies • Support the formulation and implementation of regional programmes and projects for poverty reduction • Provide technical and management input for national policy reduction strategies, programmes and projects • Provide and disseminate knowledge, best practices and innovations on rural poverty reduction • TAG and training for rural development projects • Develop and implement improved management techniques for RUTA 			<ul style="list-style-type: none"> • Funding of estimated USD 9.07 million available on time

