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**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

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**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON A PROPOSED

**COUNTRY-SPECIFIC GRANT**

TO THE

**MINISTRY OF AGRICULTURE OF RWANDA**

FOR

**STRENGTHENING IMPLEMENTATION OF THE  
RWANDA AGRICULTURE STRATEGY AND ACTION PLAN**



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**ABBREVIATIONS AND ACRONYMS**

MINAGRI	Ministry of Agriculture
GMU	Grant management unit
PRSP	Poverty Reduction Strategy Paper
RWASAP	Rwanda Agriculture Strategy and Action Plan

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD TO  
THE EXECUTIVE BOARD ON A PROPOSED COUNTRY-SPECIFIC GRANT TO THE  
MINISTRY OF AGRICULTURE OF RWANDA FOR STRENGTHENING  
IMPLEMENTATION OF THE  
RWANDA AGRICULTURE STRATEGY AND ACTION PLAN**

I submit the following Report and Recommendation on a proposed country-specific grant to the Ministry of Agriculture of Rwanda for Strengthening Implementation of the Rwanda Agriculture Strategy and Action Plan, in the amount of USD 400 000 for a one-year period.

**I. BACKGROUND**

1. In late 2003, the newly elected Rwandese Government began to formulate sectoral policies to prepare the way for implementation of the poverty reduction strategy paper (published in June 2002). In the area of agricultural and rural development, the Ministry of Agriculture (MINAGRI) was entrusted with defining sector policy for agriculture. Within that context, in early 2004, MINAGRI initiated the process of formulating the National Agriculture Policy, with a view to operationalizing it within a National Agriculture Strategy and Action Plan. These two elements were merged into a single process aimed at formulation of the Rwanda Agriculture Strategy and Action Plan (RWASAP).
2. Since February 2004, IFAD has been engaged in dialogue with the Minister of Agriculture and other key partners in Rwanda to support the Government's efforts in formulating and subsequently implementing the National Agriculture Policy. Following a four-month formulation period, in May 2004 the final draft of the policy was presented to the Council of Ministers for approval. At the end of June, a broad-based government effort started to operationalize this policy document into both a strategy and an action plan for agriculture – the RWASAP.
3. IFAD played a catalytic role in all subsequent stages of the Government's policy effort: the resources of donors (IFAD, the United Kingdom's Department for International Development Office in Rwanda and the Embassy of The Netherlands) have been pooled, and key variables – such as the development of a viable plan for participatory agricultural development – have been incorporated into the policy process. Following intensive dialogue between MINAGRI and development partners, at the beginning of June 2004 the process for the articulation of the strategy and action plan started. The process, which culminated in a national validation workshop on 25-26 October and the annual donor/Government meeting on 24-27 November, has been characterized by extensive grass-roots consultation inasmuch as all 106 districts of the country are being consulted in order to ensure that government policy priorities match the aspirations, needs and requests of rural areas.

**II. RATIONALE/RELEVANCE TO IFAD**

4. The main rationale for the proposed grant lies in the need to sustain the Government's national policy effort and to ensure that RWASAP implementation responds from the outset to the needs of the rural poor and enables them to have a role in both policy formulation and policy implementation.
5. In this context, IFAD has supported the RWASAP process since its inception and continues to assist the Government (MINAGRI in particular) in the huge effort of defining policy targets and translating them into concrete, targeted strategies for rural development. Nonetheless, the reform process is still in its initial stages. The definition of policy objectives under RWASAP represents the first step: concrete actions are required to implement the policy objectives to bring about actual policy

change. The support deployed during 2004 can indeed be considered policy dialogue that needs to be sustained in order to promote effective policy changes.

6. The proposed grant could be seen as the second step in IFAD's support for the RWASAP process, which will lead to the broader process of the formulation and subsequent operationalization of the National Rural Development Strategy. IFAD has begun formulating full-fledged and sustained support for operationalization of the RWASAP process through concrete field programmes and institutional support. In September 2004, an inception memorandum was approved by the Assistant President, Programme Management Department, as a basis for developing a new IFAD loan-financed project to support RWASAP implementation. The project development process is scheduled for the first half of 2005 and will lead to presentation of the new project to the Executive Board in September 2005. The RWASAP grant will play a key role in facilitating IFAD's policy dialogue with the Government of Rwanda, making that dialogue more inclusive and promoting an agenda that is more responsive to resource-poor communities. The grant will also ensure IFAD's sustained support of the RWASAP process.

### III. THE PROPOSED GRANT

7. **Grant approach.** In the context of the RWASAP, the approach adopted by IFAD is relatively innovative, specifically in terms of its direct support to a policy dialogue initiative. This could provide a useful learning opportunity for IFAD in its policy support for rural poverty reduction. IFAD decided to focus on Rwanda since most of the pre-conditions and key process components required for policy dialogue are in place: (i) national ownership; (ii) government commitment and leadership; (iii) a genuine government effort to develop a participatory policy process linking the RWASAP initiative to the ongoing decentralization effort; and (iv) an organized policy development process that emerged from the definition of broad policy priorities under the National Vision 2020 and the poverty reduction strategy paper (PRSP), which would be elaborated subsequently into sectoral strategies. IFAD's strategy in support of the RWASAP process has been explicit from the beginning: to provide technical and financial support to a *country-led process*, ensuring that an open and participatory policy process is at the heart of policy development. IFAD has deliberately chosen to limit direct interventions in the decision-making process to avoid a crowding-out of national ownership and to increase the probability that the policy choices made actually lead to policy change.

8. **Goal and objectives.** The overall goal of the RWASAP policy process, which started in February 2004, is to articulate, operationalize and implement a policy framework for agricultural and rural development that fosters economic development and reduces poverty, in line with the PRSP. IFAD will contribute to achieving this overall national goal through the proposed grant. The general objective of the grant is to support, in 2005, finalization and operationalization of the RWASAP and strengthen the initial stages of its implementation by providing assistance with particular elements of the overall policy framework. The specific objectives of the grant are to ensure that the process as a whole: (i) promotes dialogue among stakeholders to refine the strategy and action plan for agriculture; (ii) contributes to the development of a management information system for the RWASAP; and (iii) defines subsectoral strategies and methodologies for implementation of the action plan in pilot sectors. In 2006, this grant will be followed by greater support in the form of an IFAD loan-financed project.

9. **Key activities.** The activities will address the priorities of the ongoing policy dialogue and will be organized under the following four components:

- (a) Institutional development aimed at promoting dialogue among stakeholders, ranging from public officials to the rural population to the donor community, with a view to refining the agriculture strategy and action plan;

- (b) Preparation of a proper management information system (providing financial management and a monitoring and evaluation system) to link it to the national PRSP monitoring system and to local monitoring mechanisms;
- (c) Undertaking of pilot studies and activities for agriculture and rural development, which can be subsequently adopted and disseminated within the framework of both the future IFAD loan-financed project; and
- (d) Grant coordination and financial management to ensure sound professional management and accountability for the RWASAP grant.

10. **Cost and financing.** A preliminary calculation of the budget for the overall RWASAP process (which started in June 2004 and is expected to last until the end of 2005) suggests a total cost of USD 1 305 000. IFAD has already covered 19% of that amount (USD 245 000) as follows: USD 145 000 through IFAD supplementary funds (from Italy and The Netherlands) and USD 100 000 through existing IFAD loan-financed projects. Additional funds have already been mobilized by the United Kingdom's Department for International Development Office for Rwanda (USD 360 000) – governed by the June 2004 agreement between IFAD and the Department for International Development – and by The Netherlands Embassy (USD 300 000), which has made funds available directly to MINAGRI. With the present RWASAP grant, it is proposed that IFAD cover the remaining financing gap of USD 400 000. Other partners might be interested in extending the scope of the proposed grant, particularly for components (b) and (c). The figure proposed for the RWASAP grant will be spent mostly on the three components geared towards achievement of the proposed objectives (88%). The remaining 12% will be used for the grant management unit. The proposed budget is detailed in the appendix.

11. **Implementation arrangements.** IFAD will make grant resources directly available to MINAGRI under a grant agreement, and day-to-day management will be ensured through a small grant management unit (GMU) nested within MINAGRI's existing structure. The GMU – which will have overall responsibility for management of the grant – will comprise personnel to be recruited under national competitive processes; MINAGRI will provide staff inputs to ensure that the proposed grant will not represent a stand-alone activity within MINAGRI's annual workplan. A considerable effort will be made to develop suitable arrangements and staffing for the GMU, so that it can be sustained and retained within MINAGRI. Required procurement – of goods, works and/or services – will be the responsibility of MINAGRI following procedures acceptable to IFAD. Assets procured under the grant will become the property of MINAGRI after grant closure. A grant manager will be responsible for the preparation and timely submission of the following reports to the technical advisory panel for approval: annual workplans and budgets, periodic implementation progress reports, a financial report, and a comprehensive grant completion report that is to be submitted within the three months following the grant completion date. MINAGRI will have grant-related accounts audited at the end of 2005 in accordance with international standards on auditing by independent auditors acceptable to the Fund. All reports and products will be submitted by the GMU directly to IFAD for information and comment.

12. **Expected outputs.** The aforementioned components and individual activities are intended to produce the following key outputs: (i) reinforced capacity of public institutions at the central, provincial and district level, and strengthened capacity of smallholder organizations and service providers to design and implement policy actions under the policy framework defined through the RWASAP process; (ii) capacity developed within the Government and among beneficiaries to manage and develop the management information system; and (iii) development of pilot approaches and techniques for agricultural and rural development projects (aimed at increasing agricultural production, improving food security, combating soil erosion on poor farms, securing land tenure and boosting the performance of existing programmes) that can be subsequently adopted and disseminated during the IFAD loan-financed project.

13. **Links with IFAD's strategic framework.** IFAD's strategic framework is explicit in its prioritizing of policy advocacy as a means of achieving a catalytic impact on rural poverty reduction. This focus is reflected in IFAD's regional strategy for Eastern and Southern Africa and in the desk review of the PRSP process in the region. Both highlight the importance of assisting governments in developing sectoral policy frameworks supportive of rural poverty reduction, and consider policy support in agricultural and/or rural development a valuable entry point for IFAD's engagement in the PRSP process. In this context, a premium is placed not only on IFAD's policy dialogue but also on the development of national policy dialogue that actively engages the rural population. All IFAD support to the RWASAP process seeks to respond directly to this challenge by ensuring that the policy process focuses effectively on rural poverty reduction and defines appropriate approaches to this end.

#### IV. RECOMMENDATION

14. I recommend that the Executive Board approve the proposed country-specific grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Strengthening of Implementation of the Rwanda Agriculture Strategy and Action Plan, commencing in January 2005, shall make a grant, not exceeding four hundred thousand United States dollars (USD 400 000), to the Ministry of Agriculture of Rwanda 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

**APPENDIX**

**SUMMARY OF COSTS**

**Tentative Detailed Budget  
(USD)**

<b>Component A: Institutional development</b>			<b>USD 105 000</b>
	Qty.	Unit Cost	TOTAL
Review of National Agriculture Policy (NAP) documents linked to MINAGRI reform	4	5 000	20 000
Publication/dissemination of NAP documents, including on Internet	1	10 000	10 000
Multi-stakeholder platform activities (workshops and forums)	6	5 000	30 000
Rural development cluster activities (meetings and workshops)	6	1 000	6 000
Study tours on rural development experiences (Uganda; United Republic of Tanzania)	2	10 000	20 000
Training of MINAGRI Directors	10	1 900	19 000
<b>Component B: Development of management information system for the RWASAP</b>			<b>USD 114 000</b>
	Qty.	Unit Cost	TOTAL
Capacity-building on monitoring and evaluation (M&E) and knowledge management systems	6	5 000	30 000
Studies and assessments on an appropriate M&E system for rural development	4	7 500	30 000
Maintenance of district investment database	1	10 000	10 000
Review of MINAGRI statistical system (expert support and training x2)	2	12 000	24 000
International technical assistance for comprehensive system design	1	20 000	20 000
<b>Component C: Pilot studies/activities</b>			<b>USD 134 000</b>
	Qty.	Unit Cost	TOTAL
Sectoral harmonization studies (extension services, land policy, water management)	4	6 000	24 000
Baseline surveys in six pilot districts	6	15 000	90 000
International technical assistance for the baseline surveys	1	20 000	20 000
<b>Component D: Grant management</b>			<b>USD 47 000</b>
	Qty.	Unit Cost	TOTAL
GMU coordinator (months)	12	1 500	18 000
Database specialist	6	1 000	6 000
National technical assistance	2	2 500	5 000
Secretary-accountant	12	500	6 000
Operating costs (office)	12	1 000	12 000
<b>TOTAL COST</b>			<b>USD 400 000</b>