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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON PROPOSED

GRANTS

UNDER

THE GLOBAL/REGIONAL GRANTS WINDOW

FOR

AGRICULTURAL RESEARCH AND TRAINING

BY

NON-CGIAR-SUPPORTED INTERNATIONAL CENTRES

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ABBREVIATIONS AND ACRONYMS

ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
CaMaRI	Programme for Capacity-Building in Managing for Results and Impact
CIDR	<i>Centre International de Développement et de Recherche</i> (International Centre for Development and Research)
DFS	decentralized financial services
IAC	International Agricultural Centre (Wageningen University)
ICRAF	World Agroforestry Centre
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IMAWESA	Programme for Improved Management of Agricultural Water in Eastern and Southern Africa
InWent	<i>Internationale Weiterbildung und Entwicklung</i> (Capacity Building International)
KGT	Kenya Gatsby Trust
KMP	Rural Finance Knowledge Management Partnership
M&E	monitoring and evaluation
NENA	Near East and North Africa
PhytoTrade Africa	Southern African Natural Products Trade Association
R&D	research and development
RIMS	Results and Impact Management System
SWMnet	Soil and Water Management Network

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON PROPOSED GRANTS UNDER THE
GLOBAL/REGIONAL GRANTS WINDOW FOR
AGRICULTURAL RESEARCH AND TRAINING BY
NON-CGIAR-SUPPORTED INTERNATIONAL CENTRES**

I submit the following report and recommendation on four proposed grants for agricultural research and training to non-CGIAR-supported international centres in the amount of USD 5 560 000.

PART I – INTRODUCTION

1. This report recommends the provision of IFAD support to the research and training programmes of the following non-CGIAR-supported international centres: the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA); Capacity Building International (InWEnt); Kenya Gatsby Trust (KGT); and the Southern African Natural Products Trade Association (PhytoTrade Africa).

2. The grant proposals for approval by the Executive Board are contained in the annexes to this report:

- I. Association for Strengthening Agricultural Research in Eastern and Central Africa: Programme for Improved Management of Agricultural Water in Eastern and Southern Africa
- II. Capacity Building International: Programme for Capacity-Building in Managing for Results and Impact
- III. Kenya Gatsby Trust: Programme to Support Rural Finance Knowledge Management Partnership for Eastern and Southern Africa
- IV. Southern African Natural Products Trade Association: Programme for Strengthening the Southern African Natural Products Trade Association

3. The objectives and content of these applied research programmes are in line with the evolving strategic objectives of IFAD and with the policy and criteria of its grant programme for agricultural research and training.

4. The overarching strategic objectives that drive IFAD's Policy for Grant Financing approved by the Executive Board in December 2003 are:

- (i) promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and
- (ii) building pro-poor capacities of partner institutions, including community-based organizations and NGOs.

5. Deriving from these two core principles, the specific objectives of IFAD's grant support relate to: (a) IFAD's target groups and their household food-security strategies, specifically in remote and marginalized agroecological areas; (b) technologies that build on traditional knowledge systems, are gender-responsive, and enhance and diversify the productive potential of resource-poor farming systems by improving productivity and addressing production bottlenecks; (c) access to productive assets (land and water, financial services, labour and technology, including indigenous technology) and sustainable and productive management of such resources; (d) a policy framework that provides the rural poor with an incentive to reach higher levels of productivity, thereby reducing their dependence on transfers; and (e) an institutional framework within which formal and informal, public- and private-sector, local and national institutions provide services to the economically vulnerable, according to their comparative advantage. Within this framework, IFAD also intends to develop commodity-based approaches for the rural poor. Finally, the establishment of a consolidated network for knowledge-gathering and dissemination will enhance the Fund's capacity to form long-term strategic linkages with its development partners and to multiply the effect of its agricultural research and training programmes.

6. The grants proposed in this document respond to the strategic objectives in paragraphs 4 and 5.
- (i) The grant to ASARECA will respond to both of the strategic objectives of the Grant Policy. It will promote pro-poor research within the region by linking national and regional research institutions with IFAD-supported programmes to undertake targeted and demand-driven studies. It will build capacity within the Soil and Water Management Network of ASARECA and its member institutions for engaging in pro-poor action research, for providing hands-on support for enhanced agricultural water management, and for facilitating pro-poor water management policy dialogue.
 - (ii) The grant for the Programme for Capacity-Building in Managing for Results and Impact specifically addresses objective (e) by **building capacity towards managing for impact and results in rural development programmes**. The programme strengthens the institutional framework for the provision of services to vulnerable groups. Through support for effective planning, and monitoring and evaluation (M&E), the programme promotes the participation of the rural poor in impact assessment, performance monitoring and participatory planning, thereby contributing to their empowerment. Moreover, the proposed programme strengthens learning from projects; as such, it contributes to all of the specific objectives of IFAD's grant support listed in paragraph 5, through improved design, planning and assessment of pro-poor rural development initiatives. The proposed programme also supports the development of a network for knowledge-gathering and dissemination. It establishes a "community of practice" to share experiences and lessons learned; adapt existing tools to ensure their relevance and applicability in accordance with local requirements; and disseminate methods and experiences more broadly. The programme develops the capacities of regional and national institutions to train and to facilitate rural development programmes in establishing participatory planning and M&E methods that steer implementation in response to learning insights.
 - (iii) The grant to the KGT will respond to both of the strategic objectives of the Grant Policy. On the one hand, it will promote collaborative action research on innovative approaches to rural financial service delivery in Eastern and Southern Africa, for subsequent scaling up in IFAD-supported and other programmes in the region; while on the other, it will build capacity by providing a range of support to rural financial service practitioners and service providers in the region.

- (iv) The grant to PhytoTrade Africa will respond to the first of the policy's strategic objectives. Specifically, it will promote an innovative, business-oriented institutional model – a regional, multi-stakeholder, member-owned trade association, aimed at building a viable natural products market. The development of such a market will enable the poorest households in the most marginal rural areas of southern Africa to create new off-farm income-generating opportunities, and so reduce their poverty.

PART II – RECOMMENDATION

7. I recommend that the Executive Board approve the proposed grants in terms of the following resolutions:

RESOLVED: that the Fund, in order to finance, in part, the Programme for Improved Management of Agricultural Water in Eastern and Southern Africa, shall make a grant not exceeding one million five hundred thousand United States dollars (USD 1 500 000) for a three-year programme from 2006 to 2008, to the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) 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.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Programme for Capacity-Building in Managing for Results and Impact, shall make a grant not exceeding one million nine hundred thousand United States dollars (USD 1 900 000) for a three-year programme from 2006 to 2008, to Capacity Building International (InWEnt) 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.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Programme to Support Rural Finance Knowledge Management Partnership for Eastern and Southern Africa, shall make a grant not exceeding six hundred and sixty thousand United States dollars (USD 660 000) for a two-year programme from 2006 to 2007, to the Kenya Gatsby Trust (KGT) 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.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Programme for Strengthening the Southern African Natural Products Trade Association, shall make a grant not exceeding one million five hundred thousand United States dollars (USD 1 500 000) for a three-year programme from 2006 to 2008, to the Southern African Natural Products Trade Association (PhytoTrade Africa) 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

**ASSOCIATION FOR STRENGTHENING AGRICULTURAL RESEARCH IN EASTERN AND
CENTRAL AFRICA: PROGRAMME FOR IMPROVED MANAGEMENT OF AGRICULTURAL WATER
IN EASTERN AND SOUTHERN AFRICA**

I. BACKGROUND

1. The proposed Programme for Improved Management of Agricultural Water in Eastern and Southern Africa (IMAWESA) works through four components: policy dialogue, targeted studies, support for strengthening national capacity, and knowledge management. The programme adheres to IFAD's strategic objective of improving equitable access to productive natural resources and technology, while also strengthening the capacity of the rural poor and their organizations, (e.g. water users' associations), and increasing access to financial services and markets, by promoting a business approach to irrigation.

2. The Comprehensive Africa Agriculture Development Programme (CAADP) of the New Partnership for Africa's Development, and the poverty reduction strategy papers and rural development or agricultural sector policies of most countries in the region all recognize irrigation as crucial to agricultural modernization and commercialization. However, investment in water management has declined due to generally disappointing results of investments in large irrigation schemes. These have been caused by poor water scheme design and high capital costs; weak and non-participatory management; unsustainable operation and maintenance; inadequate response to market opportunities; and neglect of natural wetlands and informal water management systems. Furthermore, the policy, legislative, and institutional contexts related to agricultural water management are not always sufficiently supportive. Significantly, however, schemes developed and managed by farmers have proven to be viable low-cost options for supplementary irrigation, and while yields remain low, there is ample potential for increases.

3. To address these shortfalls, the task is to build upon what is working in the context of irrigation schemes, help poor farmers improve agricultural water management, and seize opportunities for profitable enterprises that can ensure enhanced food security and increased incomes. This calls for increased investment and the related policy and strategic frameworks to support it. IMAWESA aims to bring together a range of stakeholders to consolidate, articulate and promote the knowledge required to enhance the impact of investments in the sphere of agricultural water and to promote policy frameworks that will catalyse private and public investments.

II. RATIONALE/RELEVANCE TO IFAD

4. IFAD gives considerable emphasis to smallholder agricultural water management in the Eastern and Southern Africa region. This is reflected as a strategic thrust in the regional strategy and in the regional programme portfolio. Since 2001, following a thematic review of IFAD support for water management in this region, IFAD has provided implementation support through Swiss Supplementary Funds. Furthermore, cross-portfolio initiatives have been implemented to capture lessons learned and promote sharing of experiences. These include: a regional water management workshop; an e-mail forum, a Collaborative Programme on Agricultural Water Management together with the African Development Bank, the Food and Agriculture Organization of the United Nations, the International Water Management Institute and the World Bank to diagnose trends and identify approaches for investment in sub-Saharan Africa; and implementation support based on needs identified by programme participants themselves. Experience has shown that while technical support is important, there is also demand for peer group learning through exchange visits and support by staff from other

programmes and workshops. An institutionalization of these approaches would bring important gains in terms of programme performance and impact.

5. It has become evident from the experience of the programmes in the region and the collaborative programme that the level of investment in and performance of the sector is critically dependent on the legal and policy environment. Accordingly, promoting policy dialogue and enhancing the capacity of farmer-owned and “formal” national and regional institutions to engage in water management policy dialogue constitute a key element of the proposed initiative.

6. Improved knowledge management is crucial to enhanced programme design and implementation, and to providing the substantive basis upon which to engage in policy dialogue. Studies on key issues identified capacity-building, exchange visits and workshops for programme staff, and electronic network interaction as all central to the knowledge management strategy.

7. Partnerships with key regional stakeholders are critical to effective engagement in capacity strengthening, policy dialogue and knowledge management. In this context, the Soil and Water Management Network (SWMnet) is considered an ideal partner for IFAD, as its mandate and objectives complement IFAD’s. This network has an extensive region-wide membership, embracing public and private organizations involved in research and training in water management, providing a promising opportunity for IFAD to promote partnerships and networking **among** national organizations and programmes.

III. THE PROPOSED PROGRAMME

8. The programme activities are organized into four components:

- (i) **Policy dialogue.** This component aims to enhance engagement by the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) and IFAD in policy dialogue on smallholder management of agricultural water within the region, and to increase their effectiveness in leveraging policy change. The effects of policies, institutions and the legal framework on the access of the rural poor to improved water management practices will be evaluated, as well as their bearing on the performance and impact of IFAD-supported programmes in the region. Strategies and tools for communication and dialogue among IFAD, governments and other stakeholders will be validated and used to engage stakeholders in policy dialogue.
- (ii) **Enhanced understanding of key issues.** This component will contribute to guiding future investments in agricultural water management in the region. Studies on key issues will be undertaken, and reviews will also be conducted on “best-bet” options for agricultural water management. Based on these activities, targeted communication products will be developed, to promote action-oriented knowledge sharing.
- (iii) **Capacity for programme management and implementation strengthened.** This component will strengthen local capacity to operate programmes for agricultural water management programmes in the region. Short-term activities to support the programmes will be based on the needs identified by programme implementers, IFAD country programme managers, and United Nations Office for Project Services (UNOPS) portfolio managers. These will deal with training, technical support, and the development of “communities of practice” among programme staff, thereby providing a demand-driven avenue for communicating and promoting uptake of programme findings.

- (iv) **Sharing of knowledge and best practices.** The programme will develop a knowledge-management approach to ensure systematic capture, synthesis, exchange and utilization of experiences and lessons relative to pro-poor agricultural water management, by the poor themselves, as well as programme participants, service-providers, planners and policy-makers in governments, in IFAD and elsewhere. IMAWESA will emphasize drawing together individuals and organizations with experience and expertise at the implementation and planning levels to form a community where knowledge and lessons can be shared, both during and beyond the programme period.

IV. EXPECTED OUTPUTS/EXPECTED BENEFITS

9. The expected outputs and benefits of IMAWESA are:
- (i) Enhanced policy dialogue for an improved pro-poor enabling framework for smallholder agricultural water management in the Eastern and Southern Africa region. The capacity of agricultural water stakeholders to engage in policy dialogue and mobilization of investment is expected to improve.
 - (ii) Key issues to guide future interventions and investments for smallholder agricultural water management in the region are understood. There will be more options available for pro-poor management of agricultural water.
 - (iii) Greater effectiveness in the management and implementation of IFAD-supported smallholder agricultural water management programmes in the region.
 - (iv) Enhanced sharing of knowledge and best practices in smallholder agricultural water management among countries, institutions and programmes.
10. Overall, in the context of agricultural water management for smallholders, IMAWESA is expected to open the way for better informed policy, legal, institutional and investment decisions and choices to be made.

V. IMPLEMENTATION ARRANGEMENTS

11. IFAD will make the grant resources available for IMAWESA under a grant agreement with ASARECA. ASARECA will enter into a sub-grant agreement with the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in Nairobi, where SWMnet is housed, and will ensure that such sub-agreement is submitted to IFAD for review and approval prior to finalization. Additionally, ASARECA will be responsible for providing financial reporting exercising internal financial control procedures in place regarding the consolidated use of grant funds, and in accordance with the IFAD grant agreement.
12. Collaboration with ASARECA will provide the following advantages:
- ASARECA's member national agricultural research institutes (NARIs) will implement selected activities imposing only travel and operational costs on the programme, as no salaries/profits are needed;
 - coordination with other ASARECA networks, which is of major importance to the policy dialogue component;

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- the rigid M&E system already in place for ASARECA networks will benefit IMAWESA; and
 - IMAWESA's capacity to influence regional policy dialogue will be strengthened, as ASARECA and the Common Market for Eastern and Southern Africa (COMESA) are lead partners in the implementation of the CAADP in the Eastern and Central Africa subregion.
13. ICRISAT will provide the following:
- coverage of Southern Africa (not under ASARECA's mandate);
 - financial administration, including procurement, accounting, banking, financial reporting and disbursement of funds;
 - office space, furniture and utilities;
 - technical and administrative backstopping; and
 - human resources management for staff and service-providers.
14. Programme oversight and guidance will be provided by the ASARECA Committee of Directors on the recommendations of the SWMnet Regional Steering Committee (RSC) through the ASARECA Secretariat. The RSC will approve workplans and budgets, implementation progress and reports. These will then be sent to IFAD for comments. The programme management unit (PMU) will report to the RSC.
15. A technical advisory panel composed of representatives of ASARECA, ICRISAT, IFAD, UNOPS and SWMnet will provide technical guidance and advice on workplans, budgets, implementation progress reports and other outputs. It will meet every six months.
16. The regional coordinating unit of SWMnet will house the PMU, which will be responsible for day-to-day programme management and implementation. The regional coordinator of SWMnet will be programme manager with overall responsibility for management and implementation of the programme. A full-time regional facilitator will be responsible for technical facilitation, backstopping, direct inputs to field operations and synthesis of results. The regional facilitator will report to the programme manager, and will work in close consultation with IFAD and UNOPS. The regional facilitator will be recruited during the pre-IMAWESA small grant commencement phase and employed by ICRISAT in a regional position in accordance with ICRISAT procedures.
17. Implementation teams will be identified and mobilized mainly from institutions in the Eastern and Southern Africa region, such as NARIs, universities, NGOs, and relevant IFAD loan programme staff. To facilitate the sharing of knowledge, multi-country teams will be formed when possible. The implementation teams will carry out studies in relation to components (i) and (ii), and provide capacity-building under component (iii).
18. Each six months, suggestions for capacity-strengthening activities and studies will be encouraged from country programme managers, programme staff and UNOPS, as well as other comments, specifically for output (iii). These suggestions will be examined and prioritized by the regional facilitator.
19. The PMU will be responsible for developing and implementing a participatory monitoring system, which includes the collection and analysis of feedback from programme stakeholders, and utilizes ASARECA's M&E system. Project implementation will be supervised by the Fund. UNOPS

will provide inputs to the supervision of IMAWESA by assessing its impact on IFAD loan programmes during normal supervision missions. IFAD will initiate independent mid-term and final assessments of the programme, if possible, in cooperation with ASARECA's external evaluation of SWMnet.

VI. INDICATIVE PROGRAMME COSTS AND FINANCING

20. The total budget for IMAWESA is USD 1.81 million over three years. Of this amount, 67% will be spent on the four components geared towards the achievement of the programme outputs. A further 33% will be used to cover programme management and administration costs, including salaries and travel expenses of programme staff. Although high, the amount is not abnormal for a knowledge-management/capacity-strengthening programme, considering 55% of the costs associated with programme management represent the salaries and travel expenses of the regional facilitator and programme manager. A substantial amount is attributable to components in which they play an active role.

21. Of the total costs, IFAD will contribute USD 1 500 000 (80%); ASARECA/SWMnet will contribute USD 45 000 in cash and USD 95 000 in kind; ICRISAT will provide USD 100 000 in kind; national partner institutions (NARIs, and members of ASARECA and SWMnet) USD 60 000 in kind; and UNOPS will contribute USD 6 000 in kind (e.g. staff time associated with UNOPS participation in the technical advisory panel). A breakdown into cost categories of the proposed IFAD grant is shown in the table below.

**IFAD Grant Budget
(USD)**

Category	Total
Salaries	250 000
PMU operational costs	77 000
Research and consultancies	630 000
Training and capacity-building	314 000
Administration	229 000
Total	1 500 000

**CAPACITY BUILDING INTERNATIONAL: PROGRAMME FOR CAPACITY-BUILDING IN
MANAGING FOR RESULTS AND IMPACT**

I. BACKGROUND

1. In June 2003, IFAD's Near East and North Africa Division (PN) organized the Impact-Oriented Project Management Workshop to train project directors and M&E officers on the logical framework approach and in the methods and tools developed under IFAD's Guide for Project M&E. This was one of several regional, national and project-level initiatives by PN to respond to IFAD's commitment to enhance impact-orientation in project design and implementation, primarily by fostering understanding and application of the logical framework approach.
2. Several other corporate efforts have taken place in recent years to strengthen the assessment and management of results and impact in IFAD: the annual portfolio review and project status reports were introduced and adapted to assess achievements and challenges faced in meeting project objectives; IFAD's Office of Evaluation (OE) prepared a practical guide on monitoring and evaluation of rural development projects (finalized in 2002), with a focus on "managing for impact" and providing methodological tools for designing and implementing participatory M&E processes; and learning notes prepared by the Technical Advisory Division are seeking to capture best practices and lessons learned.
3. Despite these efforts, the Annual Report on the Results and Impact of IFAD's Operations, the Independent External Evaluation of IFAD, and IFAD itself have all noted the underperformance of programme M&E systems, and have highlighted the need for additional support in this area. Similarly, both the Paris Declaration on Aid Effectiveness (adopted 2 March 2005) and IFAD's evolving operating model call for a stronger assessment of results, with special mention of the need to strengthen country capacities for results-based management systems and evidence-based learning.
4. IFAD projects in the Near East and North Africa (NENA) region similarly recognize the importance of strengthening M&E in enhancing aid effectiveness and fulfilling project objectives. This is clearly demonstrated by an OE survey of IFAD project directors undertaken during the Impact-Oriented Project Management Workshop in June 2003.
5. The proposed Programme for Capacity-Building in Managing for Results and Impact (CaMaRI) aims to address the constraints discussed above in paragraph 3 by developing a specialized regional M&E network, and by building country and regional capacities in these areas. CaMaRI will draw on the experience of IFAD's Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty Alleviation Projects in Latin America and the Caribbean (PREVAL).
6. In addition, the proposed programme builds on IFAD's commitment, in December 2003, to implement a Results and Impact Management System (RIMS) across the IFAD project portfolio.¹ The RIMS report proposes a participatory approach to designing project logical frameworks and M&E systems, to include IFAD's information requirements by reporting on "anchor indicators of impact". These indicators seek to link the measurement of IFAD achievements to Millennium Development Goals (MDGs) that fall directly within IFAD's mandate.

¹ Document EB 2003/80/R.6/Rev.1.

ANNEX II

II. RATIONALE/RELEVANCE TO IFAD

7. This grant proposal builds on the above developments and responds to the need to significantly enhance capacity in the NENA region for providing quality services related to results and impact management. It addresses two of the key constraints on strengthening programme M&E in the NENA region, as expressed by workshop participants (see paragraph 1): the shortage of qualified professionals with experience in establishing effective M&E systems or in evaluating projects; and the scarce opportunities for training in this field. In addition, the grant proposal seeks to address a key project demand that is often largely unmet: support in the measurement and assessment of project impact.

8. The proposed Capacity-Building Programme for Managing for Results and Impact (CaMaRI) will build the capacity of regional institutions and professionals to respond to the increased demand from rural development programmes and projects to improve the way they manage for impact and report on performance, particularly at the level of impacts. CaMaRI addresses IFAD's need for more effective (and impact-oriented) planning, monitoring, management and reporting in its projects. The programme would also contribute to the harmonization of reporting towards project- and country-level achievement of MDGs. It will help redress the under-supply of M&E-related services, which has contributed to the persistent weakness of M&E systems and of evidence-based learning in rural development programmes in the NENA region and in other regions.

III. THE PROPOSED PROGRAMME

9. The programme's overall goal is for agricultural and rural development projects and programmes in NENA target countries to be planned, steered and monitored in a more impact-oriented manner.

10. The purpose of CaMaRI is to increase the capacity of institutions and professionals (both regional and national) to respond to the increased demand for good quality services in managing for impact among pro-poor projects in the region.

11. To reach its objective, the programme includes the following four components:

- (i) **Capacity-building for regional centres of excellence.** The capacity of regional and subregional centres to coordinate and provide quality demand-driven, impact-oriented services and to effectively participate in the regional network will be developed under this component.
- (ii) **Capacity-building of facilitators and trainers.** Activities will ensure that regional and national process facilitator/trainers are qualified/certified and have gained practical experience in supporting programmes to implement the managing-for-impact approach. The approach itself is tested, demonstrated and improved in pilot projects and programmes leading to good practice examples and regionally appropriate methods and tools for use by service-providers in supporting other projects and programmes.
- (iii) **Establishment of a regional learning network.** This will entail the establishment of a regional learning and support network oriented towards managing for impact, which stimulates demand for services, maintains a resource centre, links service-providers and clients, facilitates learning and promotes strategic and policy support.
- (iv) **Programme management and steering.** CaMaRI will be effectively managed and implemented under this component.

IV. EXPECTED OUTPUTS/EXPECTED BENEFITS

12. The programme is expected to improve the capacity of regional institutes and professionals to respond to an increased demand by pro-poor organizations for good quality services to better manage for impact. The primary outcomes expected from the programme relate to operational efficiency of capacity-building programmes in three regional centres, which will be strengthened and will cater more effectively for rural development programmes. Service provision in managing for impact will be developed and will be available nationally and regionally, with 15 specialized senior professionals (three per centre) and 40 national professionals (in 13 countries) trained in managing for results and impact.

13. It is envisaged that around 30 IFAD-supported projects in the region will benefit from improved access to services for results and impact management. Programme impact will manifest itself at the level of these and other benefiting rural development projects, which will adopt improved planning, monitoring and evaluation systems and processes. Learning and reporting on results and impact will be thereby enhanced, contributing to improved performance of rural development projects.

14. The ultimate beneficiaries are the rural poor. Overall, the programme augments the impact and the sustainability of rural poverty reduction efforts; while improved management processes are expected to engender participatory learning approaches that empower poor rural men and women (and their organizations) to manage and organize their own development. Of critical importance will be the participation by poor rural men and women in the assessment and implementation of development efforts, and in the monitoring and evaluation of project achievements in reducing poverty.

15. By strengthening the reporting, sharing and exchange of experiences, and evidence-based learning in relation to rural poverty reduction, the programme is also expected to lead to improved documentation and learning that, in the longer term, will inform pro-poor policy formulation.

16. Other expected outcomes include:

- (i) regional and national capacities in executing RIMS activities developed;
- (ii) regional M&E network and the foundation for a regional M&E resource centre established;
- (iii) project M&E systems and workplans strengthened and fully aligned with RIMS;
- (iv) selected tools and good practices based on IFAD-supported experiences and on IFAD's M&E Guide are discussed and disseminated within the region; and
- (v) IFAD projects and in-country resource groups strengthened and oriented towards results and impact.

V. IMPLEMENTATION ARRANGEMENTS

17. Execution of the proposed grant programme will be carried out by Capacity Building International (InWEnt), a leading centre for extensive training and capacity-building in programmes. Headquartered in Germany, InWEnt has a strong track record in organizational strengthening and in training for development, and uses the logical framework approach extensively (both as a tool and as a training product/output). In addition to its M&E expertise and its capacity-building focus, InWEnt

ANNEX II

has a good knowledge of IFAD as it has worked closely with the Fund in a number of joint grant programmes. It offers a sound management and administrative set-up for execution of the grant.

18. A programme coordination unit (PCU), will be established by InWEnt to manage programme implementation. The PCU will be hosted by a selected regional institution, and will have overall responsibility for implementing the programme. It will be composed of a programme coordinator and a local administrative assistant. A part-time administrative assistant will backstop the programme at InWEnt in Germany. The PCU will be guided and supervised by a steering committee that is chaired by IFAD and includes representatives from InWEnt, the International Agricultural Centre (IAC) of Wageningen University, the regional partner institution and IFAD-funded projects. InWEnt will have overall responsibility for executing the programme, however annual workplans and budgets will be subject to the prior approval of IFAD. The programme coordinator will act as secretary to the steering committee.

19. The IAC, which has a core competency in participatory M&E and a long-standing training programme in this area of specialization, will cofinance the programme through in-kind contributions of expertise. In addition to coaching for organizational development, InWEnt in cooperation with IAC, will develop the M&E expertise and programme execution capabilities in two to three qualified regional partner institutions.

20. The regional programme will be supervised by PN. Overall monitoring and evaluation of the programme will be conducted jointly by IFAD, IAC, InWEnt and the regional centres through regular review of the programme and periodic fine-tuning of programme strategies and operations.

VI. INDICATIVE PROGRAMME COSTS AND FINANCING

21. It is expected that IFAD-funded projects will directly contract, from their own budgets, regional and national service-providers, in order to gain the necessary expertise required by the projects to undertake management M&E functions of an appropriate standard. The programme therefore does not finance the costs of direct support to projects for improving these functions, as this should be covered by project budgets. Instead, the programme focuses on building capacities to ensure the supply of suitable services to IFAD and other rural development projects. Grant financing covers training and capacity-building for senior professionals and national trainers in results and impact management. The programme will also support organizational development at two to three regional institutions, and ensure that these institutions are able to offer training curricula that respond to the evolving demands of rural development programmes.

22. To achieve the overall goal of improving rural development initiatives, CaMaRI must also focus on helping the participants of such initiatives fully understand the managing-for-impact approach and appreciate its importance. Programme financing therefore includes exchange of lessons and experiences in M&E in the region and among projects, through the establishment of a regional network and through support to documentation, and the development and dissemination of best practices.

23. Programme financing comes from four main sources: the proposed grant; the recipient partner, InWEnt; IAC (in the form of in-kind technical assistance); and IFAD-funded projects. In addition, regional centres are likely to contribute some nominal cost-sharing related to administrative overheads and logistical support.

ANNEX II

**Programme Financing
(USD)**

Cost Category	IFAD Grant	InWEnt	IAC	IFAD-Funded Projects	Total
Training and workshops	1 270 000	285 000	-	400 000	1 955 000
Technical assistance	440 000	50 000	100 000	-	590 000
Programme operating costs	190 000	140 000	-	-	330 000
Total	1 900 000	475 000	100 000	400 000	2 875 000

24. Sustainability of programme outcomes is envisaged through the overall strengthening of capacity to provide M&E services in the region, flanked by a greater appreciation of and demand for results-based management by IFAD projects and their key stakeholders. The increasing emphasis on aid effectiveness and on MDG monitoring is expected to feed the growing demand for impact-oriented M&E services from the centres supported under the programme.

**KENYA GATSBY TRUST: PROGRAMME TO SUPPORT RURAL FINANCE KNOWLEDGE
MANAGEMENT PARTNERSHIP FOR EASTERN AND SOUTHERN AFRICA**

I. BACKGROUND

1. In early 2003, IFAD, the International Centre for Development and Research (CIDR) and MicroSave Africa came together to discuss their respective activities in rural financial service development in Eastern and Southern Africa and to explore ways they might work more closely together in areas of common interest. Recognizing the high degree of complementarity between their respective initiatives and the scope for developing synergies, they explored the idea of establishing a joint regional office in East Africa. Such an office would provide, on one hand, a base from which each of the three agencies could provide capacity-building support for rural finance activities in the region, and on the other, an opportunity to interact with and learn from each other – especially in terms of developing and pursuing collaborative action research on key rural finance issues. This shared agenda has become known as the Rural Finance Knowledge Management Partnership (KMP).

2. In December 2003, a grant of USD 100 000 to Kenya Gatsby Trust (KGT) was approved under the IFAD/NGO Extended Cooperation Programme. Under this grant, KGT has provided the management services that have enabled IFAD to kick-start its engagement in the KMP. This involved the recruitment of a rural finance specialist, based in Nairobi, who has been working to advance the KMP agenda. The proposed grant will provide for the continuation and scaling up of the partnership.

II. RATIONALE/RELEVANCE TO IFAD

3. IFAD's regional strategy for Eastern and Southern Africa identifies increasing the access by poor rural people to improved financial services as one of its four strategic operational thrusts. This strategic priority is reflected in IFAD's lending operations in the region: at the end of 2004 it had an active rural financial services portfolio totalling USD 151 million (or 36% of the total project portfolio in the region). In recent years, large stand-alone rural finance programmes have been developed in countries such as Ethiopia, Mozambique, Uganda, the United Republic of Tanzania and Zambia, and another 25 ongoing projects or programmes include rural finance components. At the same time however, it is recognized that: (i) capacity for the management of rural finance activities in the region remains weak; and (ii) if IFAD is to continue to support innovative, effective rural finance programmes in the region, it must invest in knowledge-generating and learning-sharing activities that will enable it to remain at the cutting edge of best practices in the sector. The KMP will seek to respond to both of these needs, by strengthening the capacity of the managers and staff of rural finance activities (both of programmes and of microfinance institutions) and by promoting lesson-learning and knowledge generation and sharing at all levels. In doing so, the KMP will represent a critical building block in IFAD's (thematically-focused) strategy for knowledge management in the region.

4. The other partners in the KMP have developed strong reputations in their respective fields of intervention. Nairobi-based MicroSave Africa is a regional initiative supported by a consortium of donors that seeks to promote the development of market-led and client-responsive approaches to delivering financial services among microfinance institutions. In 2003, it initiated the Decentralized Financial Services (DFS) Project, aimed at developing and testing tools and delivery techniques for strengthening the operation, management and governance of community-based financial organizations – particularly in remote rural areas. In 2004, the DFS Project took on independent legal status, and it has assumed the place of MicroSave Africa in the KMP. CIDR is a French NGO with considerable experience, particularly in West Africa, in the provision of support to village-level savings and credit organizations and to traditional financial systems. In 2002, it developed a new initiative –

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Participative Microfinance Systems in Eastern Africa – for supporting decentralized financial institutions to extend their rural outreach. A collaborative knowledge-based partnership between IFAD and these agencies will bring benefits to all parties.

5. Within the limited period that the rural financial specialist has been in place (less than one year), the value and importance of the KMP have been confirmed. Although there have been delays in establishing the collaborative research agenda (due to the slow recruitment of Nairobi-based staff in the DFS Project and CIDR), through her presence in Nairobi, the rural financial specialist has been able to provide much-needed capacity-building support to managers and implementers of rural finance activities in the region. The value of this type of support is being increasingly recognized; and it is an arrangement that needs to be consolidated and built upon. Equally, through the rural finance specialist's efforts, a community of practitioners involved in the management and implementation of IFAD-supported rural financial service programmes is emerging. Increasingly, programme coordinators and their staff are starting to communicate among themselves, principally by e-mail, and to look to each other for experience and lessons on key operational issues. The emergence of such a peer learning culture within the region is something that IFAD is keen to foster and build upon.

III. THE PROPOSED PROGRAMME

6. The overall goal of the KMP is to contribute to an improvement in the access of rural poor people in Eastern and Southern Africa to appropriate and sustainable financial services. In order to achieve this, the KMP has as its objectives: (i) improved delivery, outreach, appropriateness and sustainability of financial services for poor people in rural areas; and (ii) strengthened policy and regulatory framework for rural financial-service delivery. Programme activities will fall within four thrusts.

- **Capacity-building for rural finance practitioners.** This component aims to strengthen the skills and capacity of managers and implementers involved in rural finance in the region. Activities will include the further development of a rural finance practitioners' network; the conducting of thematic workshops; the provision of assistance to interested rural finance institutions to participate in the Microfinance Information eXchange (MIX) Market initiative, which aims to improve financial reporting by microfinance institutions; backstopping visits to rural finance-related projects and programmes by the rural finance specialist and/or specialized consultants; and the establishment of a database of consultants within the region who can provide relevant rural financial services.
- **Action research with partner institutions.** Action research will be undertaken on topics or themes of common interest to KMP partners. Each partner will bring in different experiences, interests and strengths: CIDR might focus on participatory and membership-based systems and the DFS Project on the elaboration of management tools for rural finance institutions, while IFAD will offer its own experience and lessons, particularly on issues relative to the development of systemic linkages for rural finance service delivery among different types of institutions. IFAD-supported projects and programmes will play an important role in identifying research priorities, and also provide an important vehicle for scaling up proven approaches and methodologies developed by the other partners.
- **Promotion of rural finance policy dialogue.** The focus will be the creation of an enabling policy environment that allows a complete, competitive, and deep rural financial market to emerge. Activities will include: (i) participation by the rural finance specialist in coordinated development partner discussions with governments and central banks in relation to the policies, laws and regulations affecting the sector; and (ii) support to rural finance institutions to enable them to engage effectively in dialogue with decision-makers on rural finance issues. Such engagements will depend on high-quality outputs emerging from the research agenda, and will be conducted within the framework of IFAD's

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relations with its partner governments and in close collaboration with the other players in the KMP.

- **Knowledge management.** The programme will develop a knowledge management system that can be accessed by IFAD-supported projects and programmes, IFAD staff and other development stakeholders interested in sharing region-specific lessons learned in the area of rural finance. The knowledge base will draw both from Internet sources and IFAD experience worldwide, and from programme experiences across the region. Activities will include: (i) assisting projects and programmes in sharing their implementation experiences, lessons learned and impact achieved; (ii) the development of dissemination tools, including training, a web-based Internet interface, newsletters, thematic workshops, MIX Market participation and exchange visits; and (iii) the development of a knowledge base, to be made available through existing web sites such as IFAD's communications portal, as well as through newsletters, e-mail and reports.

IV. EXPECTED OUTPUTS/BENEFITS

7. By the end of the two-year implementation period, it is expected that the programme will have resulted in:

- (i) improved performance and impact of IFAD-supported rural finance projects and programmes in Eastern and Southern Africa;
- (ii) improved understanding, by IFAD, the DFS Project and CIDR, and also by IFAD-supported projects and programmes in the region, of the key policy and operational challenges relative to the delivery of appropriate and sustainable financial services for rural poor people;
- (iii) enhanced collective action by the projects and other stakeholders for the development of a supportive policy and regulatory environment for rural finance and microfinance in the region; and
- (iv) improved sharing of knowledge and the adoption of improved methodologies, tools and best practices among IFAD-supported projects and programmes; IFAD, the DFS Project and CIDR; and the broader development community.

V. IMPLEMENTATION ARRANGEMENTS

8. Oversight for the KMP as a whole will be provided by a programme steering committee, composed of representatives of the DFS Project, CIDR and IFAD, which will meet to approve the action-research workplan of the KMP and its members; review its past activities, expenditures and outputs; and provide guidance on the future orientation of the programme.

9. IFAD's support to the Rural Finance Knowledge Management Network will be managed by KGT, specifically its Finance and Administration Department, which has in place a well documented set of administrative and financial management procedures (including external audit procedures), explicitly designed for its programme management function – a service it also provides for MicroSave Africa and the DFS Project, the Department for International Development of the United Kingdom of Great Britain and Northern Ireland, the United Nations Development Programme, the Ford Foundation and the Austrian Regional Bureau. Financial oversight will continue to be provided by KGT's Programme Management Committee, which is chaired by a member of the Board of Trustees and meets quarterly.

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10. Operationalization of IFAD's support will be the responsibility of a competitively recruited rural finance specialist, approved by the Fund, who will report on administrative matters to KGT and on technical issues to IFAD. In carrying out his/her work, the rural finance specialist will be expected to collaborate closely with three sets of partners: the other members of the KMP (CIDR and the DFS Project); IFAD's cooperating institutions; and IFAD itself; and will be guided by the provisions of a tripartite agreement. The rural finance specialist will be assisted by short-term consultants recruited as necessary to work on specific issues, generally related either to capacity-building for projects and programmes or to action-research activities.

11. Monitoring of programme activities and outputs will be derived from the programme's logical framework and annual workplans and budgets, which will be developed collectively among the three partners. Outputs will include a range of reports related to joint action research, policy dialogue, knowledge networking and capacity-building work, as well as monthly implementation reports prepared by the rural finance specialist, quarterly financial reports submitted by KGT and semi-annual progress reports for the KMP as a whole. These outputs will facilitate grant supervision, which will be undertaken by IFAD itself.

VI. INDICATIVE PROGRAMME COSTS AND FINANCING

12. The total cost of IFAD's engagement in the KMP over the period 2006-2007 amounts to USD 660 000. Of this, approximately USD 320 000 would directly support the four project components, while the remaining USD 340 000 would be used to finance the salary and related costs of the rural finance specialist, as well as office costs and KGT's fee for financial and administrative management of the grant. Such a breakdown of costs is appropriate, given the role of the rural finance specialist, not only in managing but also in directly engaging in, the programme activities. The principal categories of expenditure under the grant are shown below.

**Categories of Expenditure
(USD)**

Item	Total
Training	85 000
Short-term consultancies	113 000
Pilot action research activities	75 000
Staff salaries	240 000
Travel costs	29 000
Recurrent costs	118 000
Total	660 000

13. IFAD's contribution to the KMP will be paralleled by CIDR and the DFS Project, both of which will be investing human, financial and intellectual resources in order to engage effectively in the partnership.

**SOUTHERN AFRICAN NATURAL PRODUCTS TRADE ASSOCIATION: PROGRAMME FOR
STRENGTHENING THE SOUTHERN AFRICAN NATURAL PRODUCTS TRADE ASSOCIATION**

I. BACKGROUND

1. PhytoTrade Africa, the commercial name for the Southern African Natural Products Trade Association (SANProTA), was launched in 2001 to enable small-scale rural producers in Southern Africa to respond to the challenges of entering the global market for natural products derived from indigenous forest or commons-based floristic resources. PhytoTrade Africa is a representative body for operators in the natural products industry, and it exists to facilitate the growth of the industry in the region. This business agenda serves a higher development goal: that of enhancing the livelihoods of rural poor communities living in marginal dryland areas in Southern Africa. To achieve this, PhytoTrade Africa invests in product research and development; links and coordinates producers across the region; and acts as an intermediary between rural producers and buyers.

2. PhytoTrade Africa is today operational in eight countries (Botswana, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe). It has 53 members, encompassing the full range of private-sector players in the market chain for natural products, as well as service-providers (NGOs and technical research institutions) to the industry. The association's affairs are supervised by a management board elected from among its membership, and are implemented by an executive office appointed by the management board, currently headquartered in Harare, Zimbabwe.

3. Supported by a grant of USD 1.0 million from IFAD, the preliminary phase of PhytoTrade Africa's operations ran from January 2002 to December 2003. In January 2004, an expanded phase was launched, guided by a comprehensive four-year strategic plan developed with assistance from IFAD. The IFAD grant was subject to an external evaluation in April-June 2005, and its results and impact were found to be extremely satisfactory.

II. RATIONALE/RELEVANCE TO IFAD

4. The livelihoods of rural poor people living in Southern Africa, and particularly in the dry and marginal areas of the region, are becoming increasingly vulnerable under the combined threats of declining food security and HIV/AIDS; both of these the consequence of extreme poverty. Thus the search is on for any economic opportunities that can enable rural poor people to overcome their poverty. Within the region, IFAD has tended to focus its efforts principally on smallholder agriculture – production and marketing; and while agriculture is important, it is not enough. In the marginal and dry areas, where the need for alternative income streams is most critical, the opportunities for off-farm employment and for petty trade may be limited. Yet in these areas, there is considerable scope for rural poor people to draw upon the biodiversity existing there, and to obtain an income from the products derived from those natural resources.

5. PhytoTrade Africa has already shown conclusively that there are high-value commercial markets for natural products harvested across the region; that rural poor communities can take advantage of these opportunities and benefit from them; and that it has a vital strategic and catalytic role to play in the development of the market. It is already yielding important results in terms of research outputs, commercial contracts for its members, and most important, income streams for rural harvesters. Yet while PhytoTrade Africa has already achieved much, it remains a new institution, in a new industry. Longer-term support is needed to develop the commercial network of partners within the industry and convince them that the association and its members can be serious market players; to undertake the necessary research and development (R&D) upon which any commercial arrangement must be based; to build the supply capacity within the region; and to achieve financial sustainability.

6. IFAD's support to date for PhytoTrade Africa has been critical, not only for its very establishment, but also for assisting it in leveraging additional funding, both development and commercial. That support has also enabled IFAD itself to develop its own partnerships within the region, not only with the association's membership, but also with institutions such as the United Nations Conference on Trade and Development (UNCTAD), the World Conservation Union (IUCN), ICRAF, the Ford Foundation and the Dutch NGO, the Humanistic Institute for Co-operation with Developing Countries (HIVOS) – all of which are now supporting or working with PhytoTrade Africa. As lead supporter of PhytoTrade Africa, IFAD's reputation within the region has been enhanced.

7. Through its support, IFAD has already learned much about value chains in product markets and how best its target group can engage in them; about livelihood opportunities for poor communities living in low-potential rural areas; and about issues such as bio-prospecting, and Fair Trade and organic certification for natural products. Continued IFAD support will enable PhytoTrade Africa to build upon its considerable achievements to date, and allow IFAD to learn more about the nexus of market access for rural poor people and improved natural resource base management – critical elements within the Strategic Framework for IFAD 2002-2006.

III. THE PROPOSED PROGRAMME

8. The programme's overall goal is to enable rural poor communities in Southern Africa to generate supplementary incomes through the sustainable exploitation of natural products. In order to achieve this goal, it aims to develop a viable and enduring natural products industry in the region, engaged in both domestic and export trade and based on resources accessible to rural poor communities. Programme activities will fall within four thrusts.

- **Product development.** PhytoTrade Africa will conduct R&D on seven species to generate information on their commercially valuable properties, availability, appropriate processing technologies, and their biotechnical specifications. The R&D will be commissioned from members where possible, or from high-tech private-sector service-provider specialists in research and development.
- **Market development.** PhytoTrade Africa will identify potential market partners at the R&D stage and then develop commercial relations with them. Ideally, they will be end-users of products, willing to invest in developing a market-ready product and marketing the product once developed. Once a broad agreement has been reached, PhytoTrade Africa members and the buyer will sign an exclusivity agreement. The association will contract an international law firm, specialized in licensing and royalty agreements, to guide its members in drawing up the agreement.
- **Supply chain development.** PhytoTrade Africa will facilitate the production and sale of natural products, and ensure a reliable supply chain. It will: (i) identify, develop and disseminate appropriate production and processing technologies, and quality standards for export markets; (ii) link together and supervise producers to guarantee the necessary supply volumes to meet commercial orders; (iii) facilitate communication between the buyer and the members that together are meeting the order; (iv) facilitate and pre-finance independent Fair Trade and environmental certification for its members; and (v) strengthen the members' business capacity, where necessary, by linking them to appropriate service providers.
- **Institutional development.** PhytoTrade Africa will expand the numbers of its members from 45 to 200; increase the range of countries with members from eight to ten (adding Angola and Lesotho); implement a cost-recovery system for the provision of services to its members; and ensure that it remains the primary player in the natural products industry in

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Southern Africa. It will also establish a series of mechanisms within its governance structures that ensure its overall poverty reduction goals are not compromised by the business-oriented composition of its membership.

IV. EXPECTED OUTPUTS/ BENEFITS

9. By the end of the programme period, it is expected that PhytoTrade Africa will have:
- brought four new products to the market to the point where their production and trade is self-sustaining, with environmental and socio-economic benefits to rural communities, and annual trade volumes in raw material exceeding 1 000 tonnes for each product;
 - established firm markets for each of these four products, with expectations for continued growth and expansion for at least five years beyond the conclusion of the planning period;
 - facilitated the production and supply of natural products by its members to meet market demand for the products, generating a revenue of at least USD 2.5 million per year; and
 - internally generated 40% of its annual recurrent costs, and firmly established itself within the region as a major force in the natural products industry.
10. The programme will create new economic opportunities for the poorest rural producers across the region, living in areas of low and erratic rainfall. Medium-term income projections for primary producers are of the order of USD 2.5 million per year. Over 10 000 producers are already engaged in the supply of raw materials to PhytoTrade Africa members: this figure will rise to 40 000-50 000 within five years. The programme is also expected to create opportunities for the large numbers of rural small and medium-sized enterprises engaged in the processing and trade of such products, and downstream economic benefits, in terms of capital formation and employment creation, across the region.
11. To ensure environmental sustainability, PhytoTrade Africa targets markets for which evidence of sustainability is a pre-requisite, and focuses on harvesting fruits and seeds, rather than bark and roots. The commercialization of natural products is expected to add value to indigenous plant resources, and so create positive incentives for communities to invest in their sustainable management. This is expected to lead, within five years, to the ecological certification of 10 000 hectares of communal land across the region, and the creation of incentives for sustainable management in a further 200 000-250 000 hectares.

V. IMPLEMENTATION ARRANGEMENTS

12. The programme will be managed on a day-to-day basis by PhytoTrade Africa's Executive Office, located in Zimbabwe, with a present staffing profile comprising a chief executive officer, technical services manager and business services manager. The Executive Office will be supported by a market development manager, based in London, and a new office in South Africa, which will be opened in 2005. The Executive Office reports to an eight-person management board, selected from the membership, that meets four times per year.
13. PhytoTrade Africa has management and internal control systems in place, with well documented administrative and financial management procedures.
14. PhytoTrade Africa's updated logical framework provides the basis for the planning/budgeting and implementation of activities and the monitoring and evaluation of activities, outputs, objectives and development impact. The Executive Office has established an effective system for monitoring activities undertaken and outputs realized, based around quarterly reports to the management board and six-monthly progress reports to IFAD. Under the programme, a systematic and effective system

for assessing the development impact of PhytoTrade Africa's activities will be developed. The programme will be directly supervised by IFAD, which will undertake an external review each programme year.

VI. INDICATIVE PROGRAMME COSTS AND FINANCING

15. **Programme budget.** The total cost for the programme amounts to USD 4.31 million. Of this amount, the costs are distributed equally among the four components, with 22-28% allotted to each.

16. Of the total budget, PhytoTrade Africa will generate USD 700 000 internally. Other donors whose contributions have already been confirmed include UNCTAD, the Ford Foundation, IUCN and HIVOS, for a total amount of USD 1.94 million. PhytoTrade Africa will approach the Ford Foundation towards the end of 2005 with a request for a further USD 170 000. IFAD's proposed contribution to the programme will be the remaining USD 1.50 million, to be used as shown in the table below.

IFAD Grant Budget (USD)

Budget Category	Total
Business development activities	175 000
Industry development activities	175 000
Membership support activities	125 000
Equipment and furniture	200 000
Personnel	550 000
Transport and subsistence	125 000
Administration	150 000
Total	1 500 000

17. **Sustainability.** PhytoTrade Africa is pursuing a clear road map towards sustainability. In 2004, its members approved a series of measures to expedite cost recovery and revenue generation. PhytoTrade Africa's contribution to the financing of the programme will thus be derived from six sets of revenue streams, namely: membership fees; services to members; brokerage levies; sales from the guarantee facility; consultancies; and royalties.