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Enabling the rural poor  
to overcome poverty

## **President's report on proposed grants under the global/regional grants window to non-CGIAR- supported international centres**

Executive Board — Eighty-ninth Session  
Rome, 12-14 December 2006

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For: **Approval**

## **Note to Executive Board Directors**

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

**Shantanu Mathur**

Technical Advisor

telephone: +39 06 5459 2515

e-mail: [s.mathur@ifad.org](mailto:s.mathur@ifad.org)

Queries regarding the dispatch of documentation for this session should be addressed to:

**Deirdre McGrenra**

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: [d.mcgrenra@ifad.org](mailto:d.mcgrenra@ifad.org)

## Contents

<b>Abbreviations and acronyms</b>	<b>ii</b>
<b>Recommendation for approval</b>	<b>iii</b>
<b>Part I – Introduction</b>	<b>1</b>
<b>Part II – Recommendation</b>	<b>3</b>

### Annexes

<b>Centro Internacional para el Desarrollo Humano (CIDH): Programme for Strengthening Rural Organizations for Policy Dialogue in the Context of the Dominican Republic – Central America – United States Free Trade Agreement (DR-CAFTA)</b>	<b>5</b>
<b>Consultative Group to Assist the Poor (CGAP): Regional Partnership Programme to Support the Development of a Pro-poor Rural Financial Sector in the Near East and North Africa</b>	<b>10</b>
<b>Food And Agriculture Organization of the United Nations (FAO): Programme for Enhancing the Agricultural Competitiveness of Rural Households in the Greater Mekong Subregion</b>	<b>16</b>
<b>Microfinance Centre for Central and Eastern Europe and the Newly Independent States (MFC): Programme for Facilitating Widespread Access to Microinsurance Services</b>	<b>24</b>
<b>Netherlands-based International Development Organisation (SNV: a not-for profit foundation): Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa</b>	<b>31</b>
<b>West Africa Rural Foundation (WARF): Programme to Support IFAD-funded Projects' Monitoring and Evaluation Systems in the Western and Central Africa Region</b>	<b>36</b>

## Abbreviations and acronyms

CGAP	Consultative Group to Assist the Poor
FAO RAP	Food and Agriculture Organization Regional Office for Asia and Pacific
GMS	Greater Mekong Sub-Region
M&E	Monitoring and Evaluation
MAPAL	Market Access Practice Area Leader
MCG	Microfinance Consultative Group
MENA	Middle East and North Africa
MFI	Microfinance Institution
PMU	Programme Management Unit
PRSP	Poverty Reduction Strategy Papers
REAF MERCOSUR	Reunión Especializada sobre la Agricultura Familiar en el Mercado Común del Cono Sur
RF	Rural Finance
RFI	Rural Finance Institution
RPF	Regional Programme Facilitator
RUTA	Regional Unit for Technical Assistance
SSC	South-South Cooperation
TCDC	Technical Cooperation with Developing Countries

## **Recommendation for approval**

The Executive Board is invited to approve the recommendations for grants under the global/regional grants window to international centres not supported by the Consultative Group on International Agricultural Research as contained in paragraph 12.



## **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 six proposed grants for agricultural research and training to non-CGIAR-supported international centres in the amount of US\$6,511,000.

### **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: Centro Internacional para el Desarrollo Humano (CIDH), the Consultative Group to Assist the Poor (CGAP), Food and Agriculture Organization of the United Nations (FAO), Microfinance Centre for Central and Eastern Europe and the Newly Independent States (MFC), Netherlands Development Organisation (SNV), West Africa Rural Foundation (WARF).
2. The description of the grants for approval by the Executive Board are contained in the annexes to this report:
  - (i) Centro Internacional para el Desarrollo Humano (CIDH): Programme for Strengthening Rural Organizations for Policy Dialogue in the Context of the Dominican Republic – Central America – United States Free Trade Agreement
  - (ii) Consultative Group to Assist the Poor (CGAP): Regional Partnership Programme to Support the Development of a Pro-poor Rural Financial Sector in the Near East and North Africa
  - (iii) Food and Agriculture Organization of the United Nations (FAO): Programme for Enhancing the Agricultural Competitiveness of Rural Households in the Greater Mekong Subregion
  - (iv) Microfinance Centre for Central and Eastern Europe and the Newly Independent States (MFC): Programme for Facilitating Widespread Access to Microinsurance Services
  - (v) Netherlands-based International Development Organisation (SNV: a not-for-profit foundation): Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa.
  - (vi) West Africa Rural Foundation (WARF): Programme to Support IFAD-funded Projects' Monitoring and Evaluation Systems in the Western and Central Africa Region.
3. The objectives and content of these applied research programmes are in line with the evolving strategic objectives of IFAD and the policy and criteria of IFAD's grant programme.
4. The overarching strategic objectives that drive IFAD's Policy for Grant Financing approved by the Executive Board in December 2003 are:
  - (a) promoting pro-poor research on innovative approaches and technological options to enhance field-level impacts; and/or
  - (b) building the pro-poor capacities of partner institutions, including community-based organizations and NGOs.

5. Deriving from these core objectives, the specific aims 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 local/indigenous 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) and the 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) access to input/product markets and an institutional framework within which formal and informal, public and private sector, local and national institutions can provide services to the economically vulnerable, according to their comparative advantage. Within this framework, IFAD also intends to develop commodity-based approaches to the rural poor. Finally, the establishment of a consolidated network for knowledge gathering and dissemination will enhance the Fund's capacity to establish long-term strategic linkages with its development partners and to multiply the effect of its agricultural research and training programme.
6. The grants proposed in this document respond to the foregoing strategic objectives. The Programme for Strengthening Rural Organizations for Policy Dialogue in the Context of the Dominican Republic – Central America – United States Free Trade Agreement responds to both strategic objectives of the grant policy outlined in paragraph 4 above. The programme aims to build capacity of pro-poor institutions to better plan, implement and monitor development interventions towards impact and to support the empowerment of the rural poor to be effectively engaged in analysing their own circumstances and decision-making processes. The programme will support initiatives that will effectively facilitate putting into practice a "managing for impact approach" (including, for example, participatory monitoring and evaluation), further research with the aim to strengthen linkages between policy and institutional frameworks and processes and pro-poor interventions, as well as enhanced knowledge generation and management and networking based on experiences and lessons learned.
7. The Regional Partnership Programme to Support the Development of a Pro-poor Rural Financial Sector in the Near East and North Africa responds to both strategic objectives of the grant policy outlined in paragraph 4 above. The proposed programme would (a) improve access of the rural poor to financial services and markets and (b) promote pro-poor research on innovative approaches and technological options to enhance field-level impact. The programme would support the development of professional and responsive rural finance institutions, in a context where rural financial markets are undeveloped. It would assist the target groups (small producers, rural women and youth, and entrepreneurs engaged in agricultural and non-agricultural activities) in gaining direct access to financial services which is seen to positively affect their productivity, asset formation, income and food security. Therefore the programme would also correspond to specific aims (a), (b) and (c) outlined in paragraph 5 above.
8. The Programme for Enhancing the Agricultural Competitiveness of Rural Households in the Greater Mekong Subregion responds to both overarching strategic objectives that drive IFAD's Policy for Grant Financing by respectively (a) introducing new/improved production, handling and processing technologies for commodities of interest to poor rural households particularly women and (b) training selected public advisory staff/trainers on the production and handling practices of pro-poor commodities and developing training for small primary producers and public advisory staff. In particular the programme responds to the specific objectives of IFAD's grant support (a), (b), (d) and (e) by implementing a set of pilot projects of important poor rural households' commodities. These pilots would be carried out in



combination with effective mechanisms for documenting and disseminating experiences, to demonstrate to other practitioners, public advisory services, industry associations, regulatory agencies and policymakers how improved technologies, enhanced cooperation within the commodity chains, and more effective marketing strategies can change poor producers' livelihoods. In addition, the programme will lend support to formal and informal networks on important subject matters related to specific commodities or to cross-cutting trade issues. The programme is designed to promote South-South cooperation through the TCDC modality with the aim to foster collective self-reliance and a spirit of partnership among developing countries.

9. The Programme for Facilitating Widespread Access to Microinsurance Services meets the first strategic objective of the grants programme to promote pro-poor research, as it would fund the production of a series of normative technical tools. This framework of tools will be used by microfinance institutions and others to enter microinsurance markets responsibly, efficiently and profitably and serve the needs of poor individuals, particularly those in rural areas, for insurance services. This programme of work also meets the second objective of the grants programme to build the capacity of pro-poor institutions. These materials, manuals, curricula and data collection tools are designed specifically to build the capacity of microfinance institutions and other actors in microinsurance to efficiently enter this market and offer these services in a sustainable manner. Following the development of these tools, the action-research strategy articulated below will also contribute to the capacity of relevant organizations. This process will vet the tools and facilitate their widespread implementation in the field, which clearly relates to IFAD's strategic objective to build capacity among its local partners. The programme also corresponds to special aims (c) and (e) outlined in paragraph 5.
10. The Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa relates to special aims (a), (b), (d) and (e) outlined in paragraph 5 above in that it seeks to support the improvement of knowledge of key stakeholders on best practices in market linkages, while enhancing the capacity of service providers in this area (and related policy dialogue), promotion of partnerships, and networking.
11. The Programme to Support IFAD-funded Projects Monitoring and Evaluation Systems in the Western and Central Africa Region will address core objective (b) and specific aim (e) as it seeks to build stakeholder capacity in monitoring and evaluating of project results and impact.

## **Part II – Recommendation**

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

RESOLVED: that the Fund, in order to finance the Programme for Strengthening Rural Organizations for Policy Dialogue in the Context of the Dominican Republic – Central America – United States Free Trade Agreement, shall make a grant not exceeding eight hundred thousand United States dollars (US\$800,000) for a three-year programme to the Centro Internacional para el Desarrollo Humano (CIDH) upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Regional Partnership Programme to Support the Development of a Pro-poor Rural Financial Sector in the Near East and North Africa, shall make a grant not exceeding one million two hundred United States dollars (US\$1,200,000) for a three-year programme to the Consultative Group to Assist the Poor (CGAP) upon

such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Programme for Enhancing the Agricultural Competitiveness of Rural Households in the Greater Mekong Subregion, shall make a grant not exceeding six hundred and nine thousand United States dollars (US\$609,000) to the Food and Agriculture Organization of the United Nations (FAO) for a three-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Programme for Facilitating Widespread Access to Microinsurance Services, shall make a grant not exceeding nine hundred and fifty-two thousand United States dollars (US\$952,000) to the Microfinance Centre for Central and Eastern Europe and the Newly Independent States (MFC) for a three-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa, shall make a grant not exceeding one million five hundred and fifty thousand United States dollars (US\$1,550,000) to the Netherlands Development Organisation (SNV) for a two-and-a-half-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Programme to Support IFAD-funded Projects' Monitoring and Evaluation Systems in the Western and Central Africa Region, shall make a grant not exceeding one million four hundred thousand United States dollars (US\$1,400,000) for a three-year programme to the West Africa Rural Foundation (WARF) upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Lennart Båge  
President

# **Centro Internacional para el Desarrollo Humano (CIDH): Programme for Strengthening Rural Organizations for Policy Dialogue in the Context of the Dominican Republic – Central America – United States Free Trade Agreement (DR-CAFTA)**

## **I. Background**

1. Following the signing of the 1961 General Treaty on Central American Economic Integration, the Central American countries undertook efforts to achieve political, economic, social, and environmental integration. In May 2004, five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic signed a Free Trade Agreement with the United States of America (DR-CAFTA). At present the DR-CAFTA has been approved by the legislatures of the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua.
2. The Treaty promotes increased trade and investment through economic growth, with a view to assist in reducing poverty conditions in the participating countries. A dialogue between rural organizations and Central American governments will be crucial in order to guarantee benefits of the Agreement and greater impact on the rural population. Efforts to promote a dialogue that truly reflects the interest of small-scale farmers and other rural inhabitants has not been successful mainly due to their fragmented nature and the limited capacity of small-scale farmer producers to advance on their proposals.
3. Central American small-scale farmer organizations' have started a process aimed at strengthening their organizations and forming alliances in order to increase their participation in policy dialogue. IFAD, with the support of the Regional Unit for Technical Assistance (RUTA), has established the groundwork to trigger the process and is facilitating involvement by Central American small-scale farmer organizations in improving their capacities to conduct critical and proposal-enabling analysis. A number of meetings have been held, starting from February 2006, providing evidence of the great interest of organizations in pursuing a policy dialogue. The last meeting took place in San Jose, Costa Rica on 7 and 8 September, 2006 leading to the signing of a declaration under the title of Santo Domingo de Heredia Consensus which reaffirms the commitment by regional organizations to continue the process and to request IFAD's support.

## **II. Rationale/relevance to IFAD**

4. The rationale for this programme follows IFAD's strategic approach to poverty reduction and the work plan of the Mexico and Central America sub-region within the Latin American and Caribbean Division (LAC). The Fund's Strategic Framework 2002-2006 stresses that the wellbeing of the rural population is contingent upon the strengthening of rural organizations and pro-poor policies. It is essential to ensure that the views of poor farmers do in fact influence policy decisions that affect them.
5. Changes in the international context and the liberalization and globalization processes in which agricultural markets operate, call for new types of institutional relationships; for changes in the way that sector policies are formulated, agreed on and applied. These liberalization processes affect small-scale farmers, workers and other rural inhabitants, who account for a significant percentage of the population targeted by projects that are partly supported by IFAD projects in the Central American sub-region.
6. Dialogue and consultation processes, such as definition of sectoral policies and the DR-CAFTA negotiations process, have proven to be very weak and of limited use in reaching agreements and participation of organizations in the trade negotiations and

in defining policies. There are institutional weaknesses on the part of governments and small-scale producers.

7. IFAD, based on the experience and lessons learned in the implementation of many programs and projects and especially the REAF MERCOSUR program believes that it is urgent to strengthen the capacity of organizations and governments to engage in dialogue in order to define proposals, measures and tools. It is necessary to identify policy measures that may contribute to reduce or mitigate possible negative effects and at the same time take advantage of the opportunities that the treaties offer.
8. This Grant is highly relevant to IFAD's activities in the sub region. The projects financed by IFAD in the six member countries under DR-CAFTA intervene at the local level through rural organisations. The definition of rural development policies and the agreements which may be arrived at will generate a more favourable context for the rural sector as a whole and make IFAD investment projects in the region more efficient and effective. The Grant will support innovative approaches that will effectively facilitate putting into practice the policy dialogue aimed at generating a favourable pro-poor context.

### **III. The proposed programme**

9. The overall goal of this three-year Programme is to improve policies on smallholder agriculture for inclusive social and economic development processes of the rural poor at national and sub regional levels. The purpose of this Programme is to create a formal space for the discussion on policies and their instruments between organizations of small-scale farmers and national governments. The promotion of greater interaction between governments and organizations representing small-scale farmers will result in improved policy dialogue related to rural development and poverty issues that are very relevant for projects being financed by IFAD in the region.
10. The proposed Grant will finance the following components and activities: (i) Capacity Development; (ii) Policy Dialogue.

#### **1. Capacity Development**

11. The objective of this component is to strengthen rural organizations representing small-scale producers to be able to engage in discussions on key rural development policies related to trade liberalization and national and sub regional rural policies. Developing the capacity of regional rural organizations, will facilitate the formation of networks and alliances, leading to interchanges on a common agenda with similar farmer organizations.
12. This component will provide support for the discussion of various issues relating to special and differentiated policies that will favour the inclusion of family farmers and the rural poor in the political, social and commercial process of regional integration. This will entail development of the issues in each country, for their subsequent inclusion in a common dialogue and negotiations agenda.

#### **2. Policy Dialogue**

13. The objective of this component is to identify and formulate a common policy agenda and actions aimed at taking advantage of trade opportunities, facilitating at the same time a dialogue on policies among small-scale producer organizations and between them and national governments. This common agenda will be developed and agreed upon at country and sub regional levels to be considered in the context of dialogue and agreements. This component will be responsible for the implementation of actions and activities aimed at establishing a space for dialogue and negotiation between organizations and governments. In particular, the strengthening of the representation and participation of woman in the policy dialogue will be treated superficially. To achieve this number of preparatory activities will need to be undertaken in order to define themes for building a common agenda and at the same time organize meetings and encounters of organizations and the creation of institutional spaces in which to carry out dialogues and negotiations.

14. The component will provide organizational and methodological support for meetings and workshops at the national and sub regional levels, providing direct financial support to facilitate the broadest and most representative participation possible by grass-roots leaders and delegates in meetings and training events.

#### **IV. Expected outputs/expected benefits**

15. The main outputs of this Grant can be summarized as follows:

**Output 1:** Capacity of rural organizations representing small-scale producers to be able to engage in discussions on key rural development policies related to trade liberalization and national and sub regional rural policies strengthened

**Output 2:** Identification and formulation of a common policy agenda and actions aimed at taking advantage of trade opportunities, facilitating at the same time a dialogue on policies among small-scale producer organizations and between them and national governments

16. The expected benefits and impact will include:

**Impact 1:** Pro-poor rural development policies improved.

**Impact 2:** Easier access for the rural poor, through their organizations, to the **regional** and national policies enabling them to take an active part in the process of development and integration.

**Impact 3:** Marketing and market conditions improved including policies and pro-poor action, conflict and controversy resolution resulting in significant better incomes of small-scale producers.

#### **V. Implementation arrangements**

17. Implementation of the Programme will be co-ordinated by The Institute of High Level Studies for Sustainable Human Development (CIDH). It will be the recipient of the IFAD Grant and will have the fiduciary responsibility over Grant resources. Grant beneficiaries will be the organizations of small-scale producers and the rural poor in the Dominican Republic and Central America. CIDH is a not-for-profit Non Governmental Organization established in 1997 and based in San Jose, Costa Rica. CIHD has proven experience in team work with rural organizations and has worked in several opportunities in the field of policy dialogue and DR-CAFTA. CIDH has the technical capacity for mediation and to support consensus building processes and dialogue with the participation of organizations and national authorities. The Centre supported the creation of discussion tables with civil society organizations, entrepreneurs and governments and supported the establishment of the Civil Society Initiative for Central American Integration (ICIC), creation of the Indigenous Coordinating Body for Central America and its Consultative Committee (SICA). It participated actively in the analysis and preparation of strategy guidelines to support productive sectors and to identify positive and possibly negative effects of DR-CAFTA. Since its establishment in 1997, CIDH has implemented several projects, studies and programmes for the World Bank, the United Nations Development Program (UNDP) and Inter American Development Bank (IDB), as well as for regional entities as the Central American Bank for Economic Integration (CABEI).
18. The Programme's implementation arrangements include a General Assembly, an Executive Board, an Administrative Institution (Grant Recipient-CIDH) and a Grant Technical Unit (GTU).
19. **The General Assembly** will be composed of delegates from member organizations. It will have the responsibility for issuing policy guidelines and appointing the members of the Executive Board. The Assembly will approve its by-laws, elect the Executive Board, define strategic action lines, and approve progress reports on strategic objectives. It will also approve the incorporation of new partners in accordance with its by-laws. **The Executive Board** will be composed of a number of members to be determined by the General Assembly in a number between three and six. Its responsibilities will be to approve Annual Work Plans and monitoring and

supervising Programme implementation. **The Grant Technical Unit**, established within CIDH, will be responsible for Programme implementation and will be under the guidance of the Executive Board. It will be responsible for implementation of Annual Work Plans approved by the Executive Board and IFAD.

20. CIDH shall fulfil all fiduciary requirements of IFAD and contained in the Grant Agreement as they relate to administration of grant resources, procurement and auditing procedures including the preparation of financial reports according to category of expenditures. RUTA will facilitate Grant implementation, providing technical assistance and follow – up.
21. The Programme will be supervised by the IFAD’s LAC Division , which will, on a continuous basis, maintain a link with CIDH, review technical and financial reports, provide inputs and approvals as necessary, as well as assess the performance of the implementing agency and partnering institutions.

## VI. Indicative programme costs and financing

22. The total programme budget, contributed by IFAD, is estimated at US\$800,000 over three years:

Table 1  
Costs by components and expenditures categories

Expenditures Categories	Components			Total including Duties and Taxes	% of Total Costs	Duties and Taxes <sup>a</sup>
	Capacity Development	Policy Dialogue	Grant Technical Unit			
Salaries	---	---	148 000	148 000	19%	
Regional Travel	15 000	20 000	10 000	45 000	6%	9 000
Equipment			5 000	5 000	1%	1 000
Training	130 000	70 000	---	200 000	25%	
Studies	80 000	110 000	---	190 000	24%	
Consultancies	30 000	50 000		80 000	10%	
Workshops and Meetings	20 000	25 000	---	45 000	6%	9 000
Communication	10 000	15 000	---	25 000	3%	
Audits	---	---	15 000	15 000	2%	
Operating Costs			7 000	7 000	1%	1 400
Administrative Cost (5%)	15 000	15 263	9 737	40 000	5.0%	8 000
<b>Total Estimated Cost</b>	<b>300 000</b>	<b>305 263</b>	<b>194 737</b>	<b>800 000</b>	<b>100%</b>	<b>28 400</b>
<b>% of Total Costs</b>	<b>38%</b>	<b>38%</b>	<b>24%</b>	<b>100%</b>		

<sup>a</sup> An exception to the Fund’s general policy against paying duties and taxes is justified in this case by the fact that the Recipient is an NGO and IFAD is financing the entire Programme.

## Logical framework

Objective hierarchy	Key performance indicators and targets <sup>a</sup>	Monitoring mechanisms and information sources	Assumptions and risks
<p><b>Goal</b> Policies on small holder agriculture for inclusive social and economic development processes of the rural poor will be improved at national and regional levels</p> <p><b>Project Purpose</b> Effective mechanisms for policy dialogue between organizations representing the interests of rural poor families and government authorities and other public-sector entities, within the framework of the DR-CAFTA, and other regional trade agreements are operating</p> <p><b>Output by component</b> <b>Component: Capacity Development</b> <b>Output 1:</b> Capacity of rural organizations representing small-scale producers to be able to engage in discussions on key rural development policies related to trade liberalization and national and sub regional rural policies strengthened.</p> <p><b>Component: Policy Dialogue</b> <b>Output 2:</b> Identification and Formulation of a common policy agenda and actions aimed at taking advantage of trade opportunities, facilitating at the same time a dialogue on policies among small-scale producer organizations and between them and national governments</p>	<ul style="list-style-type: none"> <li>• % of country and sub-regional pro-poor rural development policies include small holder agriculture within the framework of trade agreements.</li> <li>• % of financial resources for pro-poor policies allocated</li> <li>• Level of participation by representatives of rural organizations in policy forums (aprox. 80%)</li> <li>• Regulations related to DR-CAFTA arrangements have incorporated specific concerns of small holder agricultural families</li> <li>• No of smallholder organizations trained in agricultural policies in relation to the DR-CAFTA and similar agreements</li> <li>• Policy proposals prepared by rural organizations</li> <li>• Established regional alliances by rural organizations</li> <li>• Agreements on common agendas by rural organizations as a result of meeting/events</li> <li>• Common agenda with representatives of rural organizations prepared</li> <li>• Number of policy, program and project proposals submitted by rural organizations adopted</li> <li>• Number of meetings/events (approx. 20) with participation of representative rural organizations</li> <li>• Number of meetings and/or periodic policy consultations between governments and rural organizations.</li> <li>• Increases access to information sources by national and regional government authorities and rural organizations</li> </ul>	<ul style="list-style-type: none"> <li>• National policy documents</li> <li>• Budget allocations</li> <li>• Minutes of the forums</li> <li>• Documentation of regulations</li> <li>• Official policy statements</li> <li>• Monitoring studies and self-assessments exercises</li> <li>• Policy proposals</li> <li>• Event records</li> <li>• Analytical documentation</li> <li>• Supportive documentation on common agendas</li> <li>• Proposal documentation</li> <li>• Summary records of discussions</li> <li>• Minutes of meetings</li> <li>• Media coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Authorities and decision-making bodies of DR-CAFTA maintain the common agreed political agenda</li> <li>• Individual DR-CAFTA member countries are willing to create the necessary national conditions for policy dialogue with the organizations of the poor</li> </ul>
<p><b>Activities:</b> <b>Component 1: Stronger organizations of small farmers in trade policy discussions</b> - Establishing information and communication networks among national and regional organizations. - Designing and implementing of training for organizations. - Promoting the exchange of experiences among rural organizations representing small farmers. - Conducting studies, research, case studies for policy analysis and organizational development in relation to CAFTA and similar agreements. - Carrying out exchange between rural organizations representing small farmers, IFAD, projects financed by the Fund, as well as with its regional programmes such as RUTA</p> <p><b>Component 2: Policy dialogue facilitation among rural organizations and between them and governments.</b> - Identifying priority issues for preparation and implementation of a rural organization common agenda for policy dialogue. - Carrying out studies and training with existing national and regional organizations representing small-scale farmers to developing strategies and working tools for the operation and sustainability of dialogue mechanisms. - Carrying out fora, meetings and events to seek agreement among organizations involved concerning key issues - Systematizing lessons learned and dissemination of programme outputs. - Organize exchange of experiences with integration of grass-root organizations in national trade policies related to CAFTA arrangements - Meetings and/or periodic policy consultations between governments and rural organizations. - Facilitate access to information sources by national and regional government authorities and rural organizations</p>			

<sup>a</sup> Targets and Timeline will be defined during early implementation phase and in AWBP.

# **Consultative Group to Assist the Poor (CGAP): Regional Partnership Programme to Support the Development of a Pro-poor Rural Financial Sector in the Near East and North Africa**

## **I. Background**

1. Rural finance is increasingly seen as a vital tool for poverty reduction and rural development. In its report, *Investing in Development*, published in 2005, the United Nations Millennium Development Project emphasized the importance of empowering smallholder farmers and rural communities in gaining access, amongst other things, to financial services. Additional earnings gained by the rural poor through access to financial services, are frequently invested in improved health and nutrition and more regular schooling for their children, especially in the case of women. For this reason, improving access to financial services is seen to actively contribute to several of the Millennium Development Goals (MDGs).
2. IFAD too recognizes the critical role of financial services for the rural poor and the need to support access to a wide range of such services. In a context where rural financial markets are undeveloped, the Fund has identified the need to focus assistance on developing professional and responsive rural finance institutions. Through its rural finance policy, it confirms its commitment to seek better ways of providing support to the rural finance sector to benefit the rural poor.
3. Despite recent advances in a few countries, the NENA region is still considered as having one of the least developed microfinance sector, and a very traditional rural financial sector that does not reach out to the poor. Existing community banks and MFIs are mainly concentrated in urban and peri-urban areas. The region is also characterized by strong state involvement in the financial sector and lack of adequate legislation and regulation for microfinance. As a result, millions of poor people are still without any access to adequate financial services in the rural areas. A major breakthrough is needed in this sector to reach out more widely to the rural poor. The region as a whole is poised for a potential massive expansion of microfinance services, and IFAD is well positioned to grasp this opportunity to build institutional capacity to provide these services to the rural poor.
4. Given the poor performance of the State-Owned Agricultural Development Banks (SOADBs) in reaching out to the rural poor, the more recent IFAD programmes in the NENA region have explored alternative models and instruments to bring financial services to the rural poor. These vary between supporting village credit funds in Syria and Sudan (also known as Sanadiq), working with intermediary institutions (such as the Social Fund for Development in Egypt) that can wholesale financial services to rural-based MFIs and NGOs, promoting the *Caisses Locales de Mutualité Agricole* in Algeria, and exploring the potential for commercial banks to engage in rural microfinance directly (in partnership with ACCION). Most of the above initiatives are still relatively young and more is needed to achieve sustained progress and achievements in this area.

## **II. Rationale/relevance to IFAD**

5. Given the constraints and weaknesses of the rural microfinance sector in NENA, it is crucial to develop sustained expertise in the region to support the RF interventions promoted by IFAD and its partner governments, through technical back-stopping, capacity-building and training, knowledge management, policy advocacy, and networking. At present, IFAD is investing over \$60 million in rural finance activities in 20 projects covering 9 countries of the NENA region. It is expected that the rural finance portfolio of the PN division will continue to grow in the near future.
6. For the G8 Summit at Sea Island in June 2004, CGAP helped to design a specialized multidonor facility for scaling-up microfinance in the Middle East and North Africa



(MENA). The G8 endorsed CGAP's MENA initiative in its Plan of Support for Reform, including the establishment of the MENA Microfinance Consultative Group. The MENA Microfinance Consultative Group (MCG) is composed of leading donors (e.g. World Bank, USAID), Arab donors, practitioners and policy makers from the region. The role of the MCG is to provide strategic advice and serve as a forum for the exchange of best practices in microfinance.

7. CGAP has also set-up a MENA Regional Initiative with five major components: (1) capacity building of microfinance providers implemented in partnership with Sanabel, the Microfinance Network for Arab Countries; (2) stimulating improvements in policy frameworks; (3) donor coordination and harmonization on microfinance; (4) funding innovations and new institutions in new markets; and (5) building awareness of microfinance best practices. In 2005, CGAP opened-up a regional technical hub, based in Amman, Jordan to manage the MENA Regional Programme. The regional hub also provides resource and training programs for practitioners in the field.
8. As of now, however, the CGAP MENA Regional Initiative has not covered *rural* microfinance in a substantial manner, and the hub office has no staff with rural finance expertise. Therefore, partnering with CGAP's MENA Regional Initiative would complement their on-going activities and support the rural finance aspects of the programme that are of mutual interest to both CGAP and IFAD.

### III. The proposed programme

9. The overall goal of the Regional Partnership Programme (RPP) is to improve access of the rural poor people in the NENA region to sustainable financial services.

The specific objectives of the RPP are:

1. to improve the delivery, outreach, appropriateness and sustainability of financial services for the rural poor in NENA; and
  2. to strengthen the policy and regulatory framework for rural financial service delivery.
10. The objectives of the RPP would be achieved through a set of five linked activities managed by a RF coordinator appointed by CGAP and based in its Amman office:
    - (a) Capacity building for IFAD-supported RF institutions
  11. A range of activities will be managed by the RF coordinator, to strengthen the capacity of IFAD-supported rural finance institutions in the region. The capacity-building support would be provided at various stages, and at both regional and country-level. Country-level support will be based on specific needs assessment from IFAD Country Programme Management Teams (including the IFAD CPM, the IFAD Field Presence Officer, the in-country programme manager, the PN Regional Economist, and the CI portfolio manager). The capacity-building and technical support would be provided by the RF coordinator, or by short-term specialized consultants recruited by the programme.
    - (b) Development of rural finance community of practice network
  12. The RF coordinator would establish a network of short-term consultants, technical advisers, and local think tanks or research institutions to draw on a needs-basis and develop long-term partnerships. He/she will draw support from Sanabel (the existing Network of Arab MFIs), CGAP's network and the MENA MCG, as well as the broader community of practitioners in the field. The coordinator will develop a database of best-practices MFIs/RFIs, as well as RF experts and specialized consultants that IFAD and its partners could work with in the different countries of the region.
    - (c) Coordinating through CGAP with other donors and RF stakeholders
  13. The RF coordinator will attend all annual meetings of the CGAP-sponsored MENA Microfinance Consultative Group (MCG), and will report to the MCG new initiatives, progress achieved, lessons learned, success stories, etc. of relevance to the whole

community. The coordinator will also attend relevant regional and country-level donor roundtables on the issue of micro and rural finance, as well as other workshops/conferences dealing with the elaboration of national rural/micro finance strategies. He/she will also coordinate with other national-level initiatives and programmes of relevance to the IFAD portfolio, and will establish contacts and share information with various RF stakeholders in each country.

(d) Promoting rural finance policy dialogue

14. The focus will be on helping to foster an enabling policy environment that will allow a complete, competitive, and inclusive pro-poor rural financial market to emerge in the NENA region. The main activities will be: (a) participation by the RF coordinator in coordinated development partner discussions with governments and central banks in relation to the policies, laws and regulations needed to facilitate mobilization of small deposits and protect small savers; and (b) supporting rural finance institutions to enable them to effectively engage in dialogue with the decision makers on rural finance issues.

(e) Sharing of knowledge in best practices and management

15. The RF coordinator will develop a knowledge management system that can be accessed by IFAD-supported projects and programmes, IFAD and UNOPS staff, and other development stakeholders interested in sharing and applying region-specific knowledge and lessons learnt and best practices on rural finance issues. The knowledge base can be external from internet sources and other IFAD world experience, or internal from the project experiences which are shared across region for the identification and design of future RF innovations.

#### **IV. Expected outputs/expected benefits**

16. The specific outputs and benefits related to the two main objectives of the RPP include the following.
17. Outputs/benefits related to Objective 1:
- Improved identification and design of RF interventions;
  - Strengthened implementation capacity and know-how for more effective RF interventions;
  - Improved MFI/RFI monitoring and reporting and impact assessment of RF interventions;
  - Increased outreach and viability of rural finance interventions; and
  - Improved sharing of knowledge and the adoption of improved methodologies among IFAD-supported projects and programmes.
18. Outputs/benefits related to Objective 2:
- Better support provided to the design and implementation of national micro/rural finance strategies in selected countries;
  - Increased focus on the "rural" dimension of building "inclusive financial sectors";
  - Improved coordination with other donors around the objective of building inclusive financial sectors in the region, including within the scope of the MCG and the CGAP Amman hub; and
  - Improved sharing of knowledge and the adoption of improved methodologies, tools and best practices in rural finance among IFAD-supported projects and programmes and the broader development community.

#### **V. Implementation arrangements**

19. The RPP will be implemented by the Consultative Group to Assist the Poor (CGAP), a consortium of 33 public and private development agencies (of which IFAD is a member)

working together to expand access to financial services for the poor in developing countries.

20. Oversight for the RPP as a whole will be provided by a Programme Steering Committee, comprising two representatives of CGAP (Director of CGAP MENA Initiative, and Manager, CGAP Aid Effectiveness Initiative), two IFAD representatives (Regional Economist PN and Technical Advisor Rural Finance PT), the CGAP MENA Hub director and RF coordinator will be ex-officio members of the Steering Committee, with the RF coordinator acting as the Secretary and the Organizer of the Steering Committee. The Committee will be chaired on an alternate basis by IFAD and CGAP and will meet on an annual basis to approve the forthcoming annual workplan and budget (AWP&B); review the progress of previous activities, expenditures and outputs vis-à-vis their corresponding AWP&Bs; and provide guidance about future orientation of the programme.
21. The RF coordinator will report administratively to CGAP. He/she will also have the authority and budget to hire experts and specialized consultants on a needs-basis and following consultations with CGAP and IFAD. CGAP will be responsible for the management of grant resources, as indicated below. CGAP will also be responsible for the administrative support of the programme and coaching of the RF coordinator. The frequency of financial reporting will be in accordance with the Grant Agreement as entered into between IFAD and the World Bank.

## VI. Indicative programme costs and financing

22. The current proposal envisages an IFAD grant budget of US\$1.2 million over a three year period (2007 to 2009). This would complement existing contributions for the technical hub by CGAP donor members of US\$1.89 and the U.S. State Department is considering another US\$2.0 million.

**Preliminary Cost Table**

<i>Cost Category</i>	<i>Year 1 2007</i>	<i>Year 2 2008</i>	<i>Year 3 2009</i>	<i>Total Amount (US\$)</i>
<b>IFAD Contributions</b>				
RF Coordinator	130 000	143 000	156 000	429 000
Technical support (consultants/experts)	75 000	75 000	75 000	225 000
Travel expenses	40 000	45 000	50 000	135 000
Research, KM & coordination expenses	35 000	40 000	45 000	120 000
Training & workshops	45 000	47 000	49 000	141 000
Admin overhead costs	50 000	50 000	50 000	150 000
<b>Sub-total (IFAD)</b>	<b>375 000</b>	<b>400 000</b>	<b>425 000</b>	<b>1 200 000</b>
<b>Sub-total (other CGAP member donors)</b>	<b>630 000</b>	<b>630 000</b>	<b>630 000</b>	<b>1 890 000</b>
<b>U.S. State Dept (pending).</b>	<b>650 000</b>	<b>650 000</b>	<b>700 000</b>	<b>2 000 000</b>
<b>Total</b>	<b>1 655 000</b>	<b>1 680 000</b>	<b>1 755 000</b>	<b>5 090 000</b>

## Logical framework

	Indicators	Means of Verification	Assumptions
<b>Goal</b>			
To improve access of the rural poor people in the NENA region to sustainable financial services.	Number of poor people accessing financial services in rural areas	National statistics Project baseline and completion reports MIX market outreach indicators Monitoring and impact studies	Continued priority of building inclusive financial sectors. Availability of data Participation of relevant actors in MIX Market
<b>Objective 1</b>			
To improve the delivery, outreach, appropriateness and sustainability of financial services for the rural poor in NENA	Number of institutions engaged in providing access to financial services for the rural poor.	IFAD/CGAP reports, project cycle documents (e.g., formulation, appraisal, President's reports, COSOPs)	Ongoing IFAD lending in the region
<b>Objective 1 Outputs/benefits</b>			
<ul style="list-style-type: none"> <li>▪ Improved identification and design of RF interventions</li> <li>▪ Strengthened implementation capacity and know-how for more effective RF interventions</li> <li>▪ Improved MFI/RFI monitoring and reporting and impact assessment of RF interventions</li> <li>▪ Increased outreach and viability of rural finance interventions</li> <li>▪ Improved sharing of knowledge and the adoption of improved methodologies among IFAD-supported projects and programmes.</li> </ul>	<p>Participation of regional partners and relevant stakeholders in project design; Decision Tools and Learning Notes used in project design and formulation;</p> <p>Participation of regional collaborators, target group/clients in ongoing training as appropriate</p> <p>Number of IFAD supported RF institutions reporting regularly to the MIX Market Mainstreamed use of MIX Market by CPMs and PMUs to monitor RF interventions</p> <p>Percentage increase of poor people accessing financial services in rural areas Participation of RF partners in the MIX Market Mainstreamed use of MIX Market by CPMs and PMUs to monitor RF interventions</p> <p>Adequate documentation of project processes and lessons learned Participation of regional collaborators, target group/clients in thematic workshops, exchange visits, and other formal and informal exchange mechanisms Application of regional best practices</p>	<p>Project cycle documentation</p> <p>Training reports</p> <p>Projects/programmes reports; Ongoing project monitoring Mix Market (<a href="http://www.mixmarket.org">www.mixmarket.org</a>)</p> <p>National statistics Baseline data Projects/programmes reports; MIX Market (<a href="http://www.mixmarket.org">www.mixmarket.org</a>)</p> <p>Number of exchange visits, workshops, reports, disseminations tools, thematic newsletters and publications Regular project reporting Ongoing project monitoring</p>	<p>Ongoing IFAD lending in the region</p> <p>Continued requirement to submit RIMS indicators for rural finance</p> <p>Availability of national; statistics and baseline data Continued requirement to submit RIMS indicators for rural finance</p> <p>Availability of all stakeholders to share their knowledge base IFAD's continued commitment in implementing knowledge management principles and practices in order to achieve organisational objectives</p>
<b>Objective 2</b>			
To strengthen the policy and regulatory framework for rural financial service delivery	Number of participatory dialogue forums organized at both the regional and national levels.	Programme reports, backstopping mission reports.	Stakeholders represented at the national and regional levels are open to dialogue and receptive of regional and international support and cooperation.
<b>Objective 2 Outputs/benefits</b>			
<ul style="list-style-type: none"> <li>▪ Better support provided to the design and</li> </ul>	IFAD/CGAP joint participation in formulation	Presence and implementation of MF	Need for a microfinance/rural finance

	<b>Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
implementation of national micro / rural finance strategies in selected countries	exercises for the development of MF National Strategies	national strategies	regulatory framework in the identified countries
<ul style="list-style-type: none"> <li>▪ Increased focus on the “rural” dimension and address challenges of building “inclusive financial sectors”</li> <li>▪ Improved coordination with other donors developed around the objective of building inclusive financial sectors in the region, including within the scope of the MCG and the CGAP Amman hub</li> <li>▪ Improved sharing of knowledge and the adoption of improved methodologies, tools and best practices in rural finance among IFAD-supported projects and programmes and the broader development community</li> </ul>	<p>Number of financial products developed that specifically meets the needs of poor rural clients.</p> <p>Participation in national/regional donor coordination groups in rural finance/microfinance</p> <p>Participation in national workshops</p> <p>Development of joint strategies for building inclusive financial sectors</p> <p>Adequate documentation of project processes and lessons learned</p> <p>Participation of project staff, regional collaborators, target group/clients in thematic workshops, exchange visits, and other formal and informal exchange mechanisms</p> <p>Application of regional best practices</p>	<p>Ongoing project monitoring</p> <p>Regular project reporting</p> <p>Common workplan in microfinance developed at national and regional levels</p> <p>Number of exchange visits, workshops, reports, disseminations tools, thematic newsletters and publications</p> <p>Regular project reporting</p> <p>Ongoing project monitoring</p>	<p>IFAD continued focus on the rural dimension of poverty</p> <p>Availability of all stakeholders to share their knowledge base</p> <p>IFAD’s continued commitment in implementing knowledge management principles and practices in order to achieve organisational objectives</p>

# **Food and Agriculture Organization of the United Nations (FAO): Programme for Enhancing the Agricultural Competitiveness of Rural Households in the Greater Mekong Subregion**

## **I. Background**

1. The Greater Mekong Subregion (GMS) inclusive of Cambodia, Yunnan Province of China, Laos, Myanmar, Thailand and Viet Nam is home to approximately 255 million people. There has been growth in the per capita GDP in the region in the past ten years, reflecting the economic growth of the concerned countries due to regional integration, improved policies, greater investment and relative political stability. Despite opportunities posed by regional trade and neighbouring markets, there are still large numbers of people who live in poverty concentrated in rural areas, and particularly in more remote areas inhabited by ethnic minorities. For rural poor households to successfully make the transition to competitive market oriented agriculture, they need new technology and skills, access to rewarding markets, and well functioning chains for transporting, processing and selling their produce and for feeding back information about the requirements of the markets.

## **II. Rationale/relevance to IFAD**

2. IFAD's support and primary role is to guide the development of modalities for pro-poor commodity chain development and disseminate lessons learnt to practitioners and policy makers and promote better coordination between the two. The proposed programme would be carried out in the context of a strategic partnership with the Asian Development Bank (ADB) focusing on the Working Group on Agriculture, which is one of the GMS flagships. FAO has been committed to collaborative activities in the GMS countries and has been developing a partnership with the Thai Government through South-South Cooperation (SSC) and Technical Cooperation with Developing Countries (TCDC) arrangements, through which experts can be made available. The proposed initiative would build on already existing partnerships among the GMS countries and build on networks of regional on-site expertise capacities available.

## **III. The proposed programme**

3. The overall objective of the programme is to improve livelihoods, income and agricultural competitiveness of poor rural households in the context of a regionally integrated GMS. The specific objectives of the programme are to: (a) introduce new/improved production, handling and processing technologies for commodities of interest to poor rural households, particularly women; (c) make commodity chains more rewarding for poor producers by promoting balanced partnerships between buyers and producers; and (c) facilitate expanded trade for rural poor households within neighbouring countries of the GMS by exploring new ways to assess market demand and address trade constraints.
4. The programme is designed in consist of the following three interlinked components:
  - (a) Development of Pro-poor Rural Household Modalities for Competitive Production and Processing, Commodity Chain Integration, and Inter-regional Marketing
5. The activities under this component encompass adaptation of available pro-poor technologies for production and processing of commodity categories of interest to poor rural households and introduction of pilot sites located in Cambodia, Laos, Myanmar and Vietnam. The commodity categories are (i) produce for processing in a neighbouring country; (ii) perishable quality produce for neighbouring markets and demanding local market; and (iii) natural resource sector products for value adding

village-level processing. A pilot project would typically include the following elements: (a) participatory assessment of constraints to production and marketing experienced by poor producers, highlighting gender differences to identify the impact of policies (or lack thereof) and of trade regulations on poor producers; (b) testing and adaptation of production, handling and processing technologies; (c) mobilisation and organisation of producer groups; (d) development of support packages (leaflets, inputs, grants/credit); (e) provision of technical and material support; and (f) training of producers in entrepreneurial and marketing skills.

(b) Capacity Building and Dissemination of Pilot Project Experiences

6. The activities under this component serve to train selected public advisory staff/trainers on the production and handling practices for the above mentioned pro-poor commodities; develop and conduct the business training programme for small primary producers and public advisory staff in the pilot site locations. It will also support the formation/operations of Trade Fora in three "corridors" (Cambodia–Thailand, Laos–Thailand of Myanmar–China) so as to remove remaining institutional trade barriers; lend support to formation or commodity support groups on modalities for intensified co-operation among actors within commodity chains.
7. In addition, Commodity Support Groups will review the experiences of the pilot projects, together with other relevant case studies, to analyse how the actors in the commodity chains, in particular the small-scale producers, are affected by different kinds of interventions. Documentation will be collated and made accessible on: (a) commodity-specific technologies and the associated economic returns (mainly through the networks); (b) product quality standards and implementation strategies for certification schemes; (c) cross-cutting issues, including modalities for commodity chain co-operation, other aspects of commodity chain management, and methodology for commodity analysis.

(c) Programme Management, Strategic Analysis and Liaison

8. The activities under this component will establish the required management, co-ordination and supervision capability for programming and executing the programme activities. The Programme Management Unit (PMU) to act as liaison for programme planning and implementation between the Regional Trade Policy Task Force, the Commodity Support Groups and the different pilot projects. It will ensure that analysis is carried out in relation to existing policies and legislation identified and shared through the Regional Trade Policy Task Force. It will assess and promote the application of Good Agricultural Practices and Good Manufacturing Processes and the associated certification procedures, and offer proposals on how certification standards may be rationalised and effective strategies for adopting and implementing new sets of standards in the pilot projects. On market development, the Regional Task Force would lend support to updating information on relevant regulations pertaining to trade within GMS and with its adjacent partners, as well as information on the actual application of trade tariffs and regulations at established trade points at national borders and at internal checkpoints together with modalities for small actors to overcome constraints and take full advantage of emerging possibilities.

#### **IV. Expected outputs/expected benefits**

9. The following outputs are envisaged:

- Adapted and tested technologies for commodities of interest to poor rural household, particularly women, manifested by easily digestible leaflets for the practitioners and trainers outside the pilot areas;
- Developed, tested and documented modalities for poor rural households through improved commodity chain co-operation for dissemination via formal networks, Trade Fora and the Commodity Support Group;
- Trained practitioners (producers, transporters and processors) on technologies and business operations within the pilot commodity chains;

#### **Expected Impact**

*Pilot areas:*

- Increased incomes through adoption of better practices to increase productivity, improve quality or add produce value among producers, transporters and processors;
- Empowerment of rural poor households, particularly women, through group co-operation and training in entrepreneurial skills;

*National level:*

- Expanded knowledge about technologies and pro-poor rural households modalities for commodity chain co-operation and border trade;
- Increased awareness of existing trade impediments among policy makers, legislators and enforcement agencies;

*Regional level:*

- New pro-poor trade links across country boundaries;
- Strengthened commodity-specific and cross-commodity networks.

#### **V. Implementation arrangements**

10. Programme implementation will be co-ordinated at the regional level by a PMU, housed in FAO RAP and staffed by a programme coordinator together with a qualified assistant. The PMU will have access to the technical expertise within the global FAO network and be backed up by the administrative capabilities of the FAO Regional Office for Asia and Pacific (RAP). The PMU would have the following responsibilities: implementation support (specialised technical and advisory services); support for establishing/monitoring pilot operational sites; quality control and assurance; administering the recruiting and selection of Thai and regional advisors; evaluation and lesson learning; knowledge management and knowledge sharing; communication, advocacy and policy dialogue. Furthermore, the PMU, in its day-to-day management of the programme, would facilitate interaction among the actors in the five countries, recruit, organize and supervise the consultant inputs. It will, through the appointed Pilot Project representatives (frequently within the national Chambers of Commerce or their local chapters), co-ordinate and monitor the implementation of the pilot projects. The PMU will also oversee capacity building and disseminating activities, including the training programmes, the Trade Fora and networking on commodities and cross border co-operation modalities. Finally, it will serve as the secretariat to the Regional Trade Policy Task Force and the Commodity Support Groups, furnishing data and information from the field and disseminating proposals to the designated recipients in the GMS countries. The programme coordinator would be appointed jointly by Government of Thailand, FAO and IFAD, and supported by Assistant/Secretary. IFAD will directly supervise grant activities.



11. The frequency of financial reporting will be in accordance with the Grant Agreement as entered into between IFAD and FAO.

## **VI. Indicative programme costs and financing**

12. The total programme budget is estimated at US\$739,000 over three years, of which US\$609,000 would be contributed by IFAD as hereunder:

**IFAD Grant Budget Breakdown (US\$)**

Category	Total
Training, technical assistance	453 000
Equipment, inputs	68 000
Studies, surveys	33 000
Workshops, meetings	55 000
Total	609 000

13. The total cost of the programme is forecasted at US\$739,000, including inputs in kind and cash by the participating Governments. The expenditure in 2007 is projected at US\$290,000, declining to US\$180,000 in 2008 and to US\$139,000 in 2009. FAO is to provide US\$112,000 in the form of specialist backstopping and to provide support to the pilot projects on the 8 selected commodity chains by the RAP office in Bangkok, additional technical expertise will be sourced from the FAO headquarters in Rome, when deemed necessary. Host government contributions are projected at US\$18,000 in terms of DSA/accommodation for the advisors from Thailand or the region.

## Logical framework

Objectives/Outputs	Components/Activities	Indicators/Means of Verification	2007	2008	2009	External Factors
<p><b>Overall Objective</b> Improve livelihoods, income and agricultural competitiveness of rural households in a regionally integrated Greater Mekong Sub-region.</p>		<ul style="list-style-type: none"> <li>Studies to assess changes in income (within and outside the pilot areas).</li> <li>Studies to assess changes in productivity, produce quality and value added (within and outside the pilot areas)</li> </ul>	Monitoring and evaluation plan	Monitoring and evaluation plan	Monitoring and evaluation plan	Positive economic development; favourable investment climate; Government actions to enforce trade agreements and legislation.
<p><b>Specific Objectives</b> Introduce new production, handling and processing technologies for important poor rural households commodities; make commodity chains more effective for smallholders; and facilitate expanded trade within GMS and neighbouring countries.</p>		<ul style="list-style-type: none"> <li>Number of primary and secondary technology adoptions</li> <li>Studies to assess poor rural households influence in commodity chains</li> <li>Number of market surveys, removed trade barriers and traded volumes.</li> </ul>	Monitoring and evaluation plan	Monitoring and evaluation plan	Monitoring and evaluation plan	Relevant technology available in Thailand.  Willingness among enforcers to take action.
<p><b>Outputs</b></p>	<p><b>A. Pro-poor rural households pilot projects to introduce profitable technologies for smallholders, models for pro-poor rural households commodity chain co-operation, and manageable market exploitation approaches</b></p> <p>TECHNOLOGY ADAPTATION AND DEVELOPMENT: (All pilot commodities)</p>					
O/A 1	Tested, adapted and established technologies for improved primary production/post-harvest & handling practices for selected commodities.	A/A 1.0 Test, modify and document improved practices (frequently through Thai consultants In co-operation with local institutional counterparts)	<ul style="list-style-type: none"> <li>Number and quality of tested technologies/practices</li> </ul>	5	3	Thai consultants available
O/A 2	Production groups established.	A/A 2.0 Mobilise and organize production groups	<ul style="list-style-type: none"> <li>Number of production groups established</li> </ul>	8-12		

Objectives/Outputs	Components/Activities	Indicators/Means of Verification	2007	2008	2009	External Factors
	Support services package defined	Introduce support services package (particularly for beef cattle, seaweed and bamboo/rattan)				
O/A 3	Manuals on good agricultural practices (including minimum application of chemicals).	A/A 3.0 Prepare manual (within workshop setting) with inputs by advisory staff and consultant editors	▪ Number of production manuals prepared and copies printed	5	3	
O/A 4	Manuals on good handling practices and certification procedures (that could be applied by actors outside the pilot area with affordable level of external support).	A/A 4.0 Prepare manual	▪ Number of handling/processing manuals prepared and copies printed	2	1	
O/A 5	Trained primary producers on technical skills for selected commodities.	A/A 5.0 Conduct in-situ training of producers on GAP and other skills to increase productivity, improve quality or add value	▪ Number of primary producers trained	4x20=80	4x20=80	
O/A 6	Trained primary producers on entrepreneurial and marketing skills.	A/A 6.0 Conduct case study based training	▪ Number of primary producers trained	80	80	
O/A 7	Trained processors/traders on improved handling, processing & packaging technologies.	A/A 7.0 Conduct in-situ and class-room training of traders and processors	▪ Number of trained processors/traders	5+5+5=15		
		DEVELOPING BETTER MODALITIES FOR PRO-POOR COMMODITY CHAIN CO-OPERATION: (Contract vegetables, beef cattle out-grazing and seaweed processing)				
O/A 8	Identified production areas.	A/A 8.0 Assessment of production locales	▪ Number of production areas	2+1=3		

Objectives/Outputs		Components/Activities		Indicators/Means of Verification	2007	2008	2009	External Factors
O/A 9	Agreement on supply conditions.	A/A 9.0	Information/negotiation of contract terms between buyer and suppliers	<ul style="list-style-type: none"> <li>Balanced models for agreements between suppliers, transporters and buyers developed and documented</li> </ul>				
	Modalities documented		Document modalities					
		DEVELOPING BETTER MODALITIES FOR ACCESSING NEIGHBOURING MARKETS: (Maize, soybeans, fruit and beef)						
O/A 10	Market assessments completed.	A/A 10.0	Conduct analyses of markets in neighbouring countries (Thailand & China)	<ul style="list-style-type: none"> <li>Number of markets surveys</li> <li>Methodology of market surveys documented in handbooks</li> </ul>	4			
O/A 11	Studies of trade impediments completed.	A/A 11.0	Conduct/monitor studies of domestic and border trade barriers	<ul style="list-style-type: none"> <li>Number of studies</li> <li>Trade barriers well researched and documented</li> </ul>				
	Modalities documented		Document modalities					
		<b>B. Capacity building and dissemination of pilot project experiences</b>						
O/B 12	Trained extension staff on technical production matters.	A/B 12.0	Train extension staff on improved practices	<ul style="list-style-type: none"> <li>Number of trained advisory staff</li> </ul>	4x5=20	4x5=20		
O/B 13	Trained extension staff on business.	A/B 13.0	Train extension staff on business matters	<ul style="list-style-type: none"> <li>Number of trained advisory staff</li> </ul>	4x5=20	4x5=20		
O/B 14	Trade Forum established for concerned actors in trade corridors to resolve impeding issues.	A/A 14.1 A/A 14.2 A/A 14.3 A/A 14.4	Information campaign Survey other initiatives Drafting statutes Constituent meeting	<ul style="list-style-type: none"> <li>Number of Trade Fora established</li> </ul>	4			Commitment by local authorities

Objectives/Outputs	Components/Activities	Indicators/Means of Verification	2007	2008	2009	External Factors
O/B 15	Commodity oriented networks established and operating (feeds, perishables, livestock, marine and forest produce).	A/B 15.1 Survey potential members' needs A/B 15.2 Establish network architecture A/B 15.3 Train network operators		4	4	
O/B 16	Network established and operating on contract farming and out-production arrangements for crops and livestock enterprises.	A/B 16.1 Survey potential members' needs A/B 16.2 Establish network architecture A/B 16.3 Train network operators		1		
<b>C. Programme management, strategic assessments and liaison</b>						
O/B 17	Programme Management Unit established	A/B 17.0 Set up Programme Management Unit				
O/B 18	Trade Policy and Enforcement Task Force established	A/B 18.0 Set up Task Force				
O/B 19	Commodity Analysis Group established	A/B 19.0 Set up Commodity Analysis Group				

# **Microfinance Centre for Central and Eastern Europe and the Newly Independent States (MFC): Programme for Facilitating Widespread Access to Microinsurance Services**

## **I. Background**

1. Considering the varied causes of rural poverty, the lack of access to financial services represents a major hindrance to improving the socio-economic choices of the poor. As part of its mandate to build inclusive financial sectors in rural areas, IFAD and its partners in rural finance must continue to identify and facilitate innovative products, models, and delivery mechanisms for financial services. While IFAD has long promoted more effective credit and savings mechanisms for the rural poor and has recently, in cooperation with the European Union and the Consultative Group to Assist the Poor, established a Funding Facility for Remittances, this programme of work represents the Fund's first significant intervention in microinsurance.
2. Access to appropriate insurance products has a marked impact on how the rural poor face unexpected shocks, smooth their income, protect their assets, and avoid falling into debt traps. When products are well-designed and -delivered, insurance can represent a more cost-effective approach than savings. As demonstrated by studies in several countries, there is tremendous unmet demand from the rural poor for health, life, and agriculture-based insurance products to help manage the financial risks that plague them.
3. The Partner-Agent model of microinsurance delivery links microfinance providers that have the access to and trust of poor clients with regulated insurance companies that have the expertise to professionally manage insurance activities.
  - For microfinance providers (MFPs), working with an insurer allows them to offer risk management products without either bearing the cost of the actuarial analyses inherent in product design or assuming the insurance risk associated with product delivery. Unrecognized in insurance law, MFPs also overcome the legal impediments to their provision of microinsurance. In addition, the very mission of MFPs ensures that the needs of the poor are addressed in both the product design and its delivery.
  - For private insurers, working with MFPs offers more direct, efficient access to an enormous market that is otherwise inaccessible to them.

By linking these two entities, it is possible to provide professional, regulated insurance products to the poor with maximum efficiency and minimum transaction costs, thereby reducing customer premiums.

4. The present initiative will dramatically improve the value and volume of microinsurance among the direct partners of this project as well as throughout the developing world, thanks to: 1) the development of normative tools to facilitate the partner-agent model of service delivery; 2) the testing and implementation of these tools with select partners; and, 3) the increased awareness of the target market.

## **II. Rationale /relevance to IFAD**

5. This proposal to facilitate widespread access to microinsurance meets the first strategic objective of the grants program to promote pro-poor research, as it would fund the production of a series of normative technical tools. This framework of tools will be used by microfinance providers to enter microinsurance markets responsibly, efficiently, and profitably by meeting the needs of poor individuals, particularly those in rural areas, for insurance services.

6. This programme of work also meets the second objective of the grants program to build the capacity of pro-poor institutions. These materials, manuals, curricula, and data collection tools are designed to enhance the capacity of microfinance institutions and other actors in microinsurance to enter this market and offer these services in a sustainable manner. Following the development of these tools, the action-research strategy articulated below will also contribute to the capacity of relevant organizations. This programme of work will vet the tools and facilitate their implementation in the field, which clearly relates to IFAD's strategic objective to build capacity among its local partners.

### III. The proposed programme

7. The goal of this three-year collaboration is to facilitate the development of microinsurance services and products for the rural poor. All efforts will be focused on the poor and how they can better manage the risks that jeopardize their livelihoods and progress in building assets. MFPs will also benefit from the related technical assistance and knowledge dissemination, as they develop and offer these microinsurance products.
8. The two organizations driving this programme of work are the Microfinance Centre (MFC) and the MicroInsurance Centre (MIC). MFC, established as a non-profit organization in 1997, is a microfinance resource network of 107 microfinance institutions in 26 countries of Central and Eastern Europe and the New Independent States which together reach over one million low-income clients.<sup>1</sup> MFC facilitates the development of microfinance through the provision of technical assistance, training, and action research. MIC, a limited liability company established in 2003, works to develop safe and effective mechanisms for low-income people to access appropriate insurance products at fair prices with cover that meets their needs.
9. The MicroFinance Network (MFN) will also collaborate in these activities. Together, MFN member organizations reach over 12 million clients with credit worth US\$3.5 billion, as well as approximately 40 million depositors with US\$4 billion in savings. The breadth of MFN and the strength of its individual member organizations offer great potential to develop, test, and implement tools and processes to improve microinsurance products for the low-income market.
10. The design of this program will implement an action-research programme on microinsurance in two regions or countries. Potential areas of focus include Kenya, Tanzania, Vietnam, Colombia, Congo (Kinshasa), Romania, the Caucasus, Egypt, and Morocco; these options will be vetted against a defined set of criteria.
11. **Objective 1—Normative Tools:** Develop normative tools that facilitate partnerships and promote knowledge management between regulated insurers and MFPs, as well as other potential delivery channels
12. **Objective 1—Normative Tools: Activities**
  - (a) Develop technical tools to facilitate partner-agent relationships (e.g., sample memoranda of understanding between insurers and MFPs, tender documents to select insurer and agent partners)
  - (b) Develop manuals on product development, marketing, and costing to implement commercial microinsurance programs and augment the growing pool of case studies on microinsurance

<sup>1</sup> MFC is based in Poland, currently a non-member state of IFAD, which would typically render it ineligible to receive grant resources under IFAD policy. In this case, however, given 1) that all project implementation activities will take place in developing countries that are IFAD member states, 2) the extremely limited number of NGOs with expertise in microinsurance and market education, and 3) the innovative nature of this collaboration, we hereby seek a waiver to this policy based on IFAD Procurement Guidelines. Footnote 15 specifically states that "procurement from a non-member country may be permitted on an exceptional basis due to specific country circumstance (e.g., some eastern European countries and republics of the former Soviet Union).

- (c) Create data collection tools to gather and analyze data on managing insurance risk within and across borders, addressing the dearth of information on microinsurance risks in general and the risks of low-income households in particular
13. **Objective 2—Action-Research:** Conduct action-research designed to build the capacity of local partners to offer microinsurance services and create replicable models of product distribution
14. **Objective 2—Action-Research: Activities**
- (a) Test the technical and normative tools, manuals, and data collection tools in the Working Group on Microinsurance of MFN
  - (b) Finalize the content and design of these tools, reflecting feedback from this peer review process
  - (c) Develop and manage action-research programs in two countries / regions throughout the entire product development cycle
15. **Objective 3—Market Education:** Prepare potential consumers of microinsurance products to make informed product choices through market education
16. **Objective 3—Market Education: Activities**
- (a) Conduct demand study in the target countries / regions to develop a generic market education toolkit on microinsurance
  - (b) Organize a one-day summit in each country / region to raise awareness among local stakeholders on the need for market education and to form a working group
  - (c) Build the capacity of the working group to adapt the generic microinsurance toolkit to their context and implement these tailored strategies through design workshops
  - (d) Pilot test and refine the strategy in each country / region with working group members
  - (e) Develop a sustainable delivery model using working group members and roll-out the microinsurance market education strategy in each country / region

#### **IV. Expected outputs/expected benefits**

17. **Objective 1—Normative Tools: Outputs**
- (a) Technical tools to facilitate partnership arrangements between MFPs and regulated insurers (e.g., sample tender documents, memoranda of understanding, policy documents)
  - (b) Manuals for microinsurance product development, marketing, and costing
  - (c) Data collection tools to evaluate and manage insurance risk



**18. Objective 2—Action-Research: Outputs**

- (a) Microinsurance products on offer in two countries / regions with regulated insurers selling appropriate products through effective delivery channels
- (b) New non-MFP delivery channels (i.e., retailers, cell phone vendors, schools) identified and tested for their ability to provide microinsurance to large numbers of low-income people in cooperation with regulated insurers

**19. Objective 3—Market Education: Outputs**

- (a) Microinsurance market education strategy adapted to the needs and context of the rural poor in each of the action research countries or regions
- (b) Increased awareness and capacity of local partners to deliver market education to the rural poor
- (c) Sustainable models for delivery of market education to the rural poor in the future
- (d) Better-informed consumers and potential customers of microinsurance and higher demand for microinsurance products

**V. Implementation arrangements**

- 20. In this programme of work, MFC will conduct the market research relevant to the action-research partnerships and implement all aspects of the market education component of this project, given its leading role in the sector on this topic. MFC will receive and disburse grant funds and fulfil the reporting requirements in collaboration with MIC and MFN.
- 21. MFC will subcontract MIC to develop the manuals and training curriculum on product development as part of the core public knowledge dissemination. MIC will also be responsible for testing these documents with MFN and will provide the necessary technical assistance to members of MFN in their efforts to develop and offer quality microinsurance products. MIC will also manage the product development process with the action-research partners.
- 22. As part of MFN, the Working Group on Microinsurance will test the tools developed in this project in the context of their individual members' efforts to develop microinsurance services. The results will generate proven documentation which will be available to the interested public. As part of this process, the Working Group will hold annual meetings to identify and disseminate lessons learned and address key issues in implementation.
- 23. To ensure efficient, high-quality production of these deliverables, the parameters of this collaboration will be defined in a memorandum of understanding between MFC and MIC. IFAD will review and approve this MOU as a condition of effectiveness for this grant.
- 24. IFAD supervision will be undertaken by the concerned desk in PT (Rural Finance), costs for which shall not be financed from grant resources.

**VI. Indicative programme costs and financing**

- 25. The total cost of this three-year project is US\$1,303,000. Of this amount, US\$952,000 (73%) is requested from IFAD; and approximately US\$351,000 (27%) will be leveraged in co-financing from the private insurers, organizations, and MFPs collaborating on this work.
- 26. The table below details the contributions of private insurers, MFI members of MFN, and the delivery channels (i.e., MFIs, retailers, cell phone vendors, providers of remittance services). Insurers, for example, will fund the actuarial

review of product risk, determination of premium levels, process of product development, and production of relevant marketing materials. MFN members will provide key inputs in the testing of the manuals and curriculum and fund their participation in annual meetings of the working group on microinsurance, while delivery channels will designate staff members to be trained to manage these services.

27. These figures do not include cash and in-kind contributions from MFC and MIC, as these organizations are required to implement a full cost recovery approach to conduct this work. Applicable figures for MFC and MIC have thus been incorporated directly into the proposed budget.

#### Three-Year Summary Budget by Category (US\$)

Approximate cash and in-kind contributions					
	Private Insurers	MFN Members	Delivery Channels	IFAD Grant	Total Project Cost
a. Salaries	105 600	19 900	94 500	114 000	334 000
b. Consultancies	8 000	3 000	-	518 000	529 000
c. Travel	-	50 000	-	53 000	103 000
d. Printing and publications	6 000		-	11 000	17 000
e. Workshops and training	6 400	24 000	29 600	205 000	265 000
f. Equipment, Communications & other	-	-	-	23 000	23 000
g. Overhead	1 200	1 900	900	28 000	32 000
<b>Total</b>	<b>127 200</b>	<b>98 800</b>	<b>125 000</b>	<b>952 000</b>	<b>1 303 000</b>

## Logical framework

Goal	Indicators	Means of Verification	Assumptions
<p><b>Goal</b></p> <p>Contribute to the construction of an inclusive financial system that meets the needs of the rural poor</p>	<p>Numbers of rural poor accessing financial services</p>	<p>National statistics</p> <p>Monitoring and impact studies</p>	<p>Availability of data</p> <p>Continued priority of building inclusive financial systems in IFAD's Strategic Framework</p>
<p><b>Objective 1</b></p> <p>Develop normative tools that facilitate partnerships and promote knowledge management between MFPs and regulated insurers, as well as other potential delivery channels</p>	<p>Number and quality of new normative tools</p> <p>Number of partnerships between MFPs and insurers</p>	<p>Number of MFPs offering microinsurance products</p> <p>Project baseline and completion reports</p> <p>Signed agreements between MFPs and insurers</p>	<p>Legal basis and enabling environment for partner-agent model</p> <p>Existence of baseline data</p>
<p><b>Objective 1 Outputs</b></p> <p>(a) Technical tools to facilitate partnership arrangements between MFPs and regulated insurers</p> <p>(b) Manuals for microinsurance product development, marketing, and costing</p> <p>(c) Curricula and tools for training staff</p> <p>(d) Data collection tools to assist in evaluating and managing insurance risk</p>	<p>Availability of technical tools, manuals, curricula, and data collection tools</p> <p>Availability of curricula and tools or training staff</p>	<p>Ongoing project monitoring</p> <p>Regular project reporting</p> <p>Training report and participants list from TOTs</p>	<p>Demand for and current lack of information and understanding between MFPs and insurers</p>

	Indicators	Means of Verification	Assumptions
<b>Objective 2</b>			
Conduct action-research to build the capacity of local partners to offer microinsurance services in order to create replicable models of microinsurance product distribution	Increased understanding between MFPs and insurers of microinsurance services Replicability of partner-agent model of microinsurance	Number of new partnerships and new products from MFPs and insurers targeted to the rural poor	Interest in forming partnerships to create and deliver microinsurance products among both MFPs and insurers Enabling legal and regulatory environment
<b>Objective 2 Outputs</b>			
(a) Microinsurance products on offer in two countries or regions with regulated insurers selling appropriate products through MFN members, other MFPs, and/or other delivery channels to reach low-income markets.	Proliferation of microinsurance products through various delivery channels Use of innovative, non-traditional delivery channels for microinsurance products	Ongoing project monitoring Regular project reporting Training report and participants list from TOTs	Interest in forming partnerships to create and deliver microinsurance products among both MFPs and insurers Enabling legal and regulatory environment
(b) New non-MFP delivery channels identified and tested for their ability to provide microinsurance to large numbers of low-income people in cooperation with regulated insurers.	Increased presence of insurers serving low-income market with profitable, demand-driven products		
<b>Objective 3</b>			
Prepare potential consumers of microinsurance products to make more informed product choices through financial education	Number and quality of training modules developed Increased participation and persistence among target group in microinsurance services	Data from private insurers and MFPs	Availability of baseline data
<b>Objective 3 Outputs</b>			
(a) Financial education materials in the local language in both of the countries involved in the action-research.	Number and variety of training materials available	Ongoing project monitoring Regular project reporting	Client demand for information about risk management strategies Enabling legal and regulatory environment
(b) A TOT for qualified trainers from MFPs, insurance companies and other institutions who will serve as delivery channels for microinsurance products in both of the countries	Number of TOTs offered and participants involved	Training report and participants list from TOTs	

## **Netherlands-based International Development Organisation (SNV: a not-for profit foundation): Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa**

### **I. Background**

1. Markets are of fundamental importance in the livelihood strategy of most rural households. In line with its mandate to "enable the rural poor to overcome their poverty", the Fund has recognised support for equitable and efficient linkages between the rural poor and markets as one of the critical areas in its operations. This is clearly reflected in the Strategic Framework 2002-06. Furthermore, recognising the importance of developing and working with various market players in the private sector, IFAD also adopted the Private Sector Development and Partnership Strategy (April 2005).
2. There have been various initiatives aiming at facilitating farmer-to-market linkages in the region supported by IFAD. While many interventions are still relatively new, there is valuable experience being gained. Similar common issues are being encountered under different programmes although in somewhat varied contexts, and lessons are being learned. The key common issues arising include: (a) challenge in strengthening commercial orientation and management capacity of farmer organisations to improve their bargaining power vis-à-vis market intermediaries; (b) limited capacity and orientation of service providers, who should be in a position to assist and work with farmer organisations to focus on farming as a business; (c) limited availability of, accessibility to and/or limited capacity to effectively utilize market information and information on emerging market opportunities – domestic or regional; and (d) non-conducive regulations governing trade activities, including cross-border trade.

### **II. Rationale/relevance to IFAD**

3. There are a number of development partners supporting market linkage interventions – bilateral agencies and not-for-profit organisations. Typically, these interventions support capacity building of farmer organisations and small-scale entrepreneurs along certain commodity chains and linking them to markets. Other relevant programmes may be categorised as those focusing on: trade-related issues; policy and institutional reforms; and research programmes. It is noted, however, these interventions are often being implemented by different organisations rather in an uncoordinated manner – hence missed opportunities for capturing lessons and best practices. In addition, some activities supported by other development partners are targeted at more commercial-oriented smallholders and with somewhat less emphasis on bringing on board the rural poor producers – the group IFAD endeavours to reach. Consequently, there are opportunities for enhanced knowledge management, regional networking and capacity building relative to support to improve market access, maintaining a strong focus on and linkages with rural poverty reduction and poverty targeting. Interaction with project staff and past regional workshops have confirmed the value of bringing in, sharing and learning experience and lessons, as a means to enhance understanding and capacity of programme implementers (including service providers) and other stakeholders. Furthermore, through loan-financed programmes coordinated under governments, the Fund has linkages with policy-makers and potential leverage on policy-related matters.
4. The proposed programme will be in direct support of a number of corporate-level initiatives and strategies, such as the Strategic Framework and Private Sector Partnership and Development Strategy, and knowledge management and

innovation as identified as one of the areas in IFAD's Action Plan for Improving its Development Effectiveness. Furthermore, the programme will respond to both two strategic objectives of the Grant Policy. Through action research centring around a number of key common policy and implementation issues in association with field-level activities supported by IFAD and/or SNV, it is expected that knowledge on best practice and effective approaches (e.g., for strengthening farmer groups and organizations; targeting strategy) for great impact and lessons will be generated and disseminated. Building upon the knowledge generated, the Programme will also strengthen capacity of local service providers.

### III. The proposed programme

5. The overall goal of the proposed Programme is "to increase returns to the rural poor from more equitable and efficient linkages with markets". The purpose is to improve effectiveness and capacity of enablers to support market linkage initiatives. While the ultimate and indirectly targeted beneficiaries are poor rural men and women with potential to take advantage of improved assets and opportunities for agricultural production and rural income-generating activities, the Programme activities will directly be targeted at the "enablers" in development interventions aimed at facilitating market linkages, notably implementers, implementing partners and service providers, policy makers, the private sector, regional/national farmer organizations. IFAD and SNV-supported interventions on the ground will continuously provide platforms for linkages between the Programme results/outputs and the ultimate targeted beneficiaries.
6. The programme implementation will mainly be rooted in the field-level activities in 8 countries in the region (Ethiopia, Kenya, Tanzania, Zambia, Mozambique, Rwanda, Uganda and Zimbabwe) where SNV has country offices and IFAD has ongoing or planned market linkage programmes. The level of programme activities will vary according to the country context and relevant projects. Furthermore, the programme is expected to benefit a broad-range of audiences, including IFAD-supported programmes in other countries, in terms of enhanced knowledge, capacity and networking.
7. The proposed 2.5-year programme consists of the following three components:
  - (a) **Enhanced knowledge and understanding.** This component aims at generating and sharing knowledge and enhancing understanding (mainly of project implementers) on key common issues and best practice and lessons. Activities will include review and studies across the countries along the key issues in specific contexts, for example, through a diagnostic review of experience under SNV/IFAD-assisted programmes, experience under other development assistance, initiatives by (inter-) governmental bodies or private sector initiatives. The component also includes elements of capacity building of those involved in the analytical exercise and knowledge generation process, at times involving discussions/workshops or exchange visits. Generated knowledge will be documented and made available through an appropriate media. It aims at improving availability of and accessibility to experiences, lessons, best practices, tools, and a pool of relevant knowledge bases and understanding.
  - (b) **Improving support capacity, regional linkages and networking.** This component will be to enhance effective use, application and management of knowledge made available under the first component, with the aim to enhance capacity of wider stakeholders (mainly regional/local service

providers) and develop networking with various actors. Activities will include: (a) support incremental to loan/grant-financed programmes for capacity building of service providers through advisory services, regional-level business development services training and workshops; and (b) linkage/brokering services across countries to link actors for access to knowledge and opportunities (programme implementers, farmer organisations, development partners, private sector investors, service providers, policy makers).

- (c) **Policy dialogue and advocacy.** Where opportunities exist, the programme will promote debate and influence policy agenda for pro-poor private sector investment and commercialisation of smallholder agriculture. This component is not intended to duplicate the support for conducive policy and legislative framework covered under many market linkage programmes. The value addition will be likely to be in two ways: (a) taking the advantage of enhanced knowledge region (or global)-wide, identify national/local level policy issues that are more or less common, facilitate cross-country exchanges of experience and knowledge; and (b) identify constraints and issues with relevance to global/regional-level policy and legislative frameworks and in collaboration with other partners, engage in policy advocacy with regional bodies. The activities may include: (i) policy studies and publication; (ii) participation in regional/international level policy fora; and/or; (iii) networking and partnership development with governments, the private sector, other development agencies, existing national and regional organizations and networks.

#### **IV. Expected outputs/expected benefits**

8. Main expected programme impact areas include the following:

- improved understanding and knowledge by implementers of market linkage initiatives on key issues and best practices and their application;
- enhanced capacity of service providers to extend effective support (e.g., for strengthening farmer organisations) to market linkage interventions;
- improved understanding of constraints and opportunities with regard to regional trade and regional policy and institutional frameworks; and
- partnerships and networking at regional level for strategic purpose and policy dialogue.

#### **V. Implementation arrangements**

9. The implementation of the programme will be coordinated by the SNV Netherlands Development Organization (SNV), an international not-for-profit organization, in view of the following: (a) "market access for the poor" is one of the two principal practice areas of SNV and the organization has substantial experience and expertise in this area; (b) IFAD and SNV share a common philosophy and approach, not only in terms of poverty reduction and the thematic focal area on market linkages, but also the focus on local/national capacity building and "enabling the enabler" type approach; (c) SNV actively operates at field level in 8 countries in Eastern and Southern Africa (ESA) through its country offices and provide a suitable conduit for networking, experience/knowledge generation and feedback loop; (d) similar to IFAD, SNV gives importance to knowledge management as explicitly indicated in its strategy documents; and (e) SNV already has good linkages and partnership arrangements with some of the key stakeholders in the thematic area.
10. While the operations of SNV's country offices in ESA fall under the oversight of the SNV ESA regional office in Nairobi which houses the Regional Director, with specific reference to its operation in the area of market access, regional oversight

and guidance is provided by the ESA Market Access Practice Area Leader (MAPAL), who is currently also Country Director of SNV Uganda Office. It is therefore proposed that overall responsibilities for programme management and accountability on behalf of SNV lie with the MAPAL, under policy and strategic guidance by the ESA Regional Director and the SNV Board. The MAPAL will be assisted by Regional Programme Facilitator (RPF) to be appointed in the SNV Uganda Office on a full-time basis. The MAPAL (assisted by RPF) will be responsible for providing operational guidance and oversight to country offices and monitoring, ensuring that the activities at country level are in line with the overall programme strategy and design, ensuring linkages between activities of different country offices, preparing an overall programme work plan and budgets and reporting. At country level, the thematic leaders (for market access) in each of SNV country office will be responsible for the planning and implementation of activities, working closely with IFAD country teams. The RPF, under the oversight of the MAPAL and in liaison with the country thematic leaders, will be responsible for planning, implementing and co-ordinating cross-country activities under the programme (e.g., regional training and workshops).

11. The MAPAL, RPF and country thematic leaders will form a Regional Technical Committee, which will hold bi-annual review meetings to discuss and review work plans and progress, issues emerging, agree on plans and strategic actions required. The Committee will also submit progress report (tentatively, bi-annually) to the Steering Committee, proposed to comprise of the SNV Regional Director, the SNV MAPAL (acting as a secretary), responsible IFAD officer from the Africa II Division, a representative of UNOPS, amongst others. The Steering Committee will meet once a year and it is planned that a couple of representatives from a key development partner(s) and the regional organisations in the region be invited to Steering Committee meetings, depending on key experience and issues emerging.

## VI. Indicative programme costs and financing

12. The total programme budget is estimated at US\$2.41 million over 2.5 years, of which US\$1.55 million would be contributed by IFAD, as indicated hereunder.

### IFAD Grant Budget (US\$)

Category	Total
Training, workshops and meetings	420 000
Consultancies and service providers	310 000
Travel and subsistence	257 000
Staff salary*	214 000
Other personnel related costs	40 000
Office costs, vehicle operation and maintenance	50 000
General and administrative costs	76 000
Institutional relations and knowledge management	183 000
<b>Total</b>	<b>1 550 000</b>

\* Partial contribution – for RPF, 8 country thematic leaders and MAPAL

13. The remainder of the indicative programme cost (US\$0.86 million, slightly over one-third of the total cost) will be co-financed by SNV. As the programme focuses on capacity, knowledge and partnership, largely based on field-level activities in 8 countries and interactions with stakeholders at local, country and regional levels, much of the programme cost will be for “software” items (mobility of staff, and stakeholders, staff time, consultancies and workshops/meetings).



## Logical framework

Narrative Summary	Verifiable Indicators	Means of Verification	Assumption/Risks
<b>Goal</b>			
Returns to the productive rural poor increased from more equitable and efficient linkages with markets	<ul style="list-style-type: none"> <li>▪ Increase in household assets and incomes</li> <li>▪ Increased private sector investment in rural area in ESA</li> </ul>	<p>[Longer-term than programme life]</p> <ul style="list-style-type: none"> <li>▪ Various national/regional studies</li> <li>▪ Perception of stakeholders involved in relevant interventions</li> </ul>	Development and implementation of market access interventions not hindered by Government policies and politics, state of economy and/or natural disasters
<b>Purpose/Objective</b>			
Effectiveness and capacity of enablers to support market linkages initiatives improved	<ul style="list-style-type: none"> <li>▪ Implementation performance of relevant programmes</li> <li>▪ Capacity and performance of implementers and implementing partners enhanced</li> <li>▪ Performance of service providers supporting market linkage initiatives and/or the volume of their assignments increased</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review/evaluation reports, participatory impact monitoring/assessment of relevant interventions/projects</li> <li>▪ Performance assessment of key stakeholders involved in the programme</li> <li>▪ Perception of clients of service providers</li> </ul>	The key stakeholders openly provide and support the application of lessons learned in the managing for impact approach
<b>Outputs</b>			
Increased/improved knowledge and understanding of programme implementers and information dissemination	<ul style="list-style-type: none"> <li>▪ Number of stakeholders contributing to sharing of resources, lessons learnt, best practice and research studies.</li> <li>▪ Types and quality of information generated, documented and shared workshops and exchange visits</li> <li>▪ Levels of access (no of hits) and inquiry to the portal</li> <li>▪ Target group perceptions on usefulness of information generated; and follow up reports on use of information</li> </ul>	<ul style="list-style-type: none"> <li>▪ Quality and quantity of information and knowledge shared</li> <li>▪ Satisfaction assessments, e.g. through annual questionnaires/surveys on user perceptions on information generated and access</li> <li>▪ Programme progress reports and case studies</li> </ul>	Targeted users have necessary capacities/resources to access electronic communication
Enhanced regional linkages, networking and capacity building with partners and service providers supporting market linkage initiatives	<ul style="list-style-type: none"> <li>▪ Regional and national exchange visits, workshops/meetings organized for key stakeholders</li> <li>▪ Number and types of strategic partners involved/participating in the programme</li> <li>▪ Number and types of service providers, programme implementers or programme sector partners that are provided with capacity building support under the programme</li> <li>▪ Number and types of commercial linkages brokered between regional/national market operators/intermediaries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Follow-up reviews conducted as part of ongoing training and performance assessments</li> <li>▪ Programme progress reports</li> <li>▪ Feedback reports from recipients of services</li> </ul>	
Policy dialogue facilitated for conducive environment for pro-poor private sector investment and smallholder commercialisation (esp. at regional level)	<ul style="list-style-type: none"> <li>▪ Number and types of specific policies and legislations that are put on agenda at regional/national fora</li> <li>▪ Number and types of interaction (or participation/contribution) between the programme and regional/national policy fora</li> <li>▪ Studies on policy/legislative constraints undertaken and disseminated</li> </ul>	<ul style="list-style-type: none"> <li>▪ Awareness surveys</li> <li>▪ Specific case studies and reports</li> <li>▪ Programme progress reports</li> </ul>	

## **West Africa Rural Foundation (WARF): Programme to Support IFAD-funded Projects' Monitoring and Evaluation Systems in the Western and Central Africa Region**

### **I. Background**

1. IFAD Strategic Framework states that its country programme is the main vehicle for improving the lives of the rural poor and learning lessons about what works and what does not work in fighting rural poverty. Similarly, the PA regional strategy views effective project implementation as the foundation of its efforts to enable the rural poor and achieve impact. Furthermore, information capitalization and sharing is also an important mechanism for improving the performance of IFAD funded projects in the Western and Central Africa region. There is no doubt that Monitoring and Evaluation capacity strengthening is a priority for field project staff in the Western and Central Africa (WCA) region. In November 2002, the PA Division organized a project implementation workshop in Cotonou. In July 2004, the start-up workshop for the Fidafrigue knowledge network was held. At both workshops, participants indicated that the development of Monitoring and Evaluation systems was overwhelmingly registered as the top priority theme for improving project management. These concerns were also reiterated during the March 2005 Bamako Project Implementation workshop. In addition, while IFAD has been participating in the design of countries' PRSP to improve in particular its rural and agricultural component, the monitoring and PRSP implementation has been very weak so far in the region.

### **II. Rationale/relevance to IFAD**

2. The capacity of IFAD-funded projects in WCA region in the area of monitoring and evaluation remains very weak. Indeed, during the two regional workshops organized in Bamako and Cotonou, almost all staff from on-going projects recognized having met serious difficulties in the setting-up of an effective M&E system. This included (i) quick turn over of the staff in charge of M&E; (ii) poor logical framework, too much data collected, high proportion of non relevant data; (iii) reporting became the main utilisation of the M&E system; and (iv) no link with the MIS when the later exists, etc. Design of the M&E system is often supported by an external input (expertise) very early in the project life leading to an ambitious, complex, and non flexible and sometimes too theoretical system at the time when the project has not yet been effectively implemented.
3. IFAD has developed a strong capacity to diagnose problems, design projects and evaluate them. The strengths of project managers and the like, on the other hand, tend to be geared towards short-to-medium term planning and implementation of pre-approved programming. The capacity of project managers and other staff, local institutions and key line Ministries staff remain, however, very weak in monitoring and evaluating the impact of project and programmes on rural poverty reduction. Indeed, the projects do not have the capacity or the tools to capture, identify useful and practical indicators necessary to monitor positive changes which contribute to the achievement of the project objectives.
4. During the Bamako workshop, the following specific weaknesses were identified by the participants: (i) lack of analytical capacity in M&E area of project staff and local institutions; (ii); lack of harmonisation of M&E methodology; (iii) limited stakeholder participation in the monitoring and evaluation of project results; and (iv) insufficient M&E support mechanisms for IFAD financed projects. The participants of the workshop insisted on practical and ongoing support for the implementation of the M&E systems. In addition, the changing context of the aid and development architecture requires a strengthened focus on result-based

country programme, thus planning for results; thereby requiring a strong M&E system to monitor and assess the results achieved.

5. The PROSUME-WCA fits in with the IFAD's strategic framework inasmuch as it encompasses, in particular, the strategy related to strengthening the capacity of rural poor and their institutions. The PROSUME also conforms to the grant policy in that it complements IFAD loans and deals with development and capacity among regional institutions.

### III. The proposed programme

6. The overall goal of the proposed Programme is to improve the capacity of IFAD-supported countries and programmes in the monitoring and evaluation of the activities in order to enhance the performance and the impact achievement of IFAD interventions in the WCA region. The ultimate goal of the Programme will be achieved in synergy and with input from other IFAD initiatives in the region, including the MCSP, Fidafrigue, and the HUB.

#### 7. The specific objectives are:

- Strengthening the capacity of IFAD-funded projects teams and key line Ministries staff in the area of Monitoring and Evaluation with the aim to improving the assessment and reporting of results and impacts on beneficiaries of IFAD countries' programmes, thereby reporting successfully on RIMS indicators;
- Improving the capacity of selected regional institutions and key pro-poor local institutions and organization with the aim to build a regional network of expertise in M&E in the region capable to support IFAD-supported projects;
- Generation of timely and reliable information for improving project and programmes management decision-making through a well performing M&E system as well as generation of timely and reliable information including gender and targeting;
- Increased learning and sharing in key knowledge areas and thereby contributing to increased aid effectiveness.

#### 8. Key programme activities

The key programme activities include the following:

- (a) **Training needs assessment.** This is one of the first activities to be undertaken in on-going projects. The training institutions will visit IFAD-funded projects in assigned countries to collect, evaluate and prioritize training needs among target groups, training needs from projects and partners. Similarly, the training institutions will hold discussions. Training needs assessment is a permanent process that permits the improvement or adaptation of training packages
  - (b) **Training manual development.** The Programme will provide a non-academic type of training based on concrete situations and the experiences of trainees. The manual will be regularly updated to include new themes arising from the feedback of trainees, cooperating institutions, IFAD and other partners. Training materials will be produced in French and in English languages by the training institutions.
  - (c) **Strengthening of regional training capacities.** This entails the training of resource persons, technical assistance for regional training institutions, capitalization and the sharing of knowledge on rural project management through the regional network Fidafrigue.
9. To ensure that regional management capacity is sufficiently enhanced, every training session would include, with the assistance and participation of an

independent training specialist, a quality control mechanism. It is expected that, by the end of the grand period, a few regionally based institutions and independent trainers would be fully equipped to continue ensuring training tailored to IFAD-funded projects in a sustainable manner.

#### **IV. Expected outputs/expected benefits**

10. The expected outputs include:
  - A network of qualified regional institutions in the region established and actively providing timely and high-quality services to IFAD-supported projects and programmes in the area of monitoring and evaluation;
  - Training programmes implemented for project staff, key line Ministries staff, and other relevant stakeholders in the area of Monitoring and Evaluation;
  - Experience and good practices from IFAD funded projects and other partners' experiences in monitoring and evaluation disseminated and shared via the Fidafrigue network;
  - A "Help Desk Service" developed through the Fidafrigue website. IFAD funded projects have access through the Fidafrigue website tools (i.e., training modules) developed by the Programme.

#### **V. Implementation arrangements**

11. West Africa Rural Foundation (WARF) based in Dakar, Senegal, would be the grantee and, as such, would ensure the overall implementation and financial management of grant resources. It would carry out tasks in close collaboration with IFAD, cooperating institutions and selected IFAD-funded projects managers.
12. The PROSUME-WCA would work closely with other ongoing initiatives in the Western and Central Africa region, in particular with the FIDAFRIQUE regional network in the region and the Supporting Rural Development Initiative (the Hub). It will also link up with IFPRI currently working on establishing a system to monitor the implementation of PRSP.
13. **Programme Management and Organization.** The overall management and coordination of the programme would be under the responsibility of WARF. The coordinator of MSCP would be responsible for daily programme management. He will be assisted by a specialist in monitoring and evaluation. The training programme would be ensured by well-established and specialized regional training institutions.
14. In the implementation of the training programme, PROSUME-WCA would work in partnership with qualified regional experts and other regional institutions to provide training services. This would ensure flexibility, as well as the sustainability, in the provision of services.
15. A Programme Steering Committee (PSC) would be established. The PSC will be responsible for the overall guidance and the approval of the Annual Work Plan and Budget (AWPB) of the Programme. Due to the regional scope of the Programme, the PSC will be chaired by one of the two representatives from Economic Community of Western Africa States and Economic (ECOWAS) and Monetary Community of Central Africa States (CEMAC). The PSC will be composed of one representative from IFAD, two representatives from Cooperating Institutions, and two IFAD-funded Project Managers, one from each region. The PSC will meet once a year.
16. A Technical Committee (TC) would be set up. It would comprise three representatives from training institutions, two representatives from Cooperating Institutions, one highly qualified external resource person and the

WARF Programme Coordinator. The TC will be mainly responsible for the review of didactic training materials, approval of the review of didactic training materials, approval of the training programme, evaluation of the training programme, selection among the identified training needs, assessment of the impact of training on project management, and experiences sharing among professionals.

## VI. Indicative programme costs and financing

17. A breakdown of the programme total costs is presented in the table below:

Table 1

**Estimated Costs by Category and Source of Financing (US Dollars)**

<b>Category</b>	<b>IFAD</b>	<b>Loan Projects</b>	<b>Total</b>
I. Material and Equipment	110 000		110 000
II. Training and Studies	200 000	400 000	600 000
III. Conventions/Operators/Technical Assist.	700 000	400 000	1 100 000
IV. Salary & Operating Costs	340 000		340 000
V. Monitoring	50 000		50 000
<b>Total</b>	<b>1 400 000</b>	<b>800 000</b>	<b>2 200 000</b>

## VII. Monitoring and Evaluation Arrangements

18. The programme would establish a monitoring and evaluation system in line with the Results and Impact Management System to follow up on programme activities and assess the impact on the performance of IFAD-funded projects. Monitoring and evaluation will be a very important management tool in the PROSUME-WCA.
19. Follow up missions would be carried out once every six months to ensure the appropriate implementation of the programme. A Mid-Term review of the programme would be undertaken by IFAD at the end of the second year of the PROSUME implementation to evaluate the progress made and provide adequate guidance for an appropriate implementation of the PROSUME-WCA. A final external evaluation of the Programme will be carried out at the end of the Programme to assess its achievement in terms of, but not limited to, results and impacts. It will also determine the sustainability of the results achieved. Furthermore, the evaluation will also obtain feedback especially on the changes occurred as a result of the training and on how the data generated is used for management and planning.

## Logical framework

Description	Indicators	Sources/Mean of Verification	Assumption
<b>Overall Objective</b>			
Performance and Impact of IFAD-intervention in WCA enhanced through capacity strengthening in Monitoring and Evaluation	RIMS indicators of IFAD projects  Quality of Project Status Report	Evaluation surveys	Project staff and key line Ministries staff make effective use of M&E training
<b>Specific Objectives</b>			
IFAD-funded projects teams, key line Ministries and other stakeholders capacity in M&E increased	Number of project and key line Ministry staff trained in M&E  Number of Projects which effectively report on RIMS indicators	Annual reports  Mid-term and supervision reports	Project-loans contribution to the Programme ensured
Capacity and responsiveness of regional training institutions in M&E increased	Number of supported regional training institutions which have been trained	Programme activities report	
Generate timely and reliable information for improving project management decision-making	Timely of reports produced  Strategic decisions taken based on information generated from M&E system	Project M&E reports  Annual and supervision reports	Effective coordination among projects, cooperating institutions, and M&E support programmes
<b>Key Outputs</b>			
Pertinent training needs of targeted users assessed	Type and number of specific training courses planned by year for ongoing projects	Programme activities reports  M&E reports	Staff recruited on a competitive basis
Quality and sufficient training sessions provided to the beneficiaries in WCA	Executed/planned trainings ration higher than 95%  Implementation rate of activities in new projects higher than 60% in first year	M&E reports  Programme activities reports	The participants in the training sessions are chosen on the basis of pre-determined criteria

Description	Indicators	Sources/Mean of Verification	Assumption
Resource-persons from regional institutions trained and/or sent to refresher course	Number of senior trainers trained by the Programme and involved in the provision of trainings of the Programme	M&E reports Programme activities reports	Competent trainers remain motivated, stable and available for the programme activities
A network of qualified institutions in WCA region established which effectively provide timely and high-quality support to project M&E systems	Number of support interventions provided to IFAD projects	M&E reports Programme activities reports	Managers of the training partner institutions do not change often or are replaced quickly
Training manuals and modules adapted to the needs of users prepared	Delay in the transmission of RIMS report to IFAD  Quality of RIMS indicators provided	M&E reports Programme activities reports	