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Enabling the rural poor
to overcome poverty

President's report

Proposed loan and grant to the Republic of Nicaragua for the

Inclusion of Small-scale Producers in Value Chains and Market Access Project

Executive Board — Ninety-first Session
Rome, 11–12 September 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Abbreviations and acronyms

CABEI	Central American Bank for Economic Integration
IDR	Institute for Rural Development
OFID	OPEC Fund for International Development
PRODESEC	Programme for the Economic Development of the Dry Region in Nicaragua
PRORURAL	Productive Rural Development Programme
TAF	Technical Assistance Fund Programme for the Departments of León, Chinandega and Managua

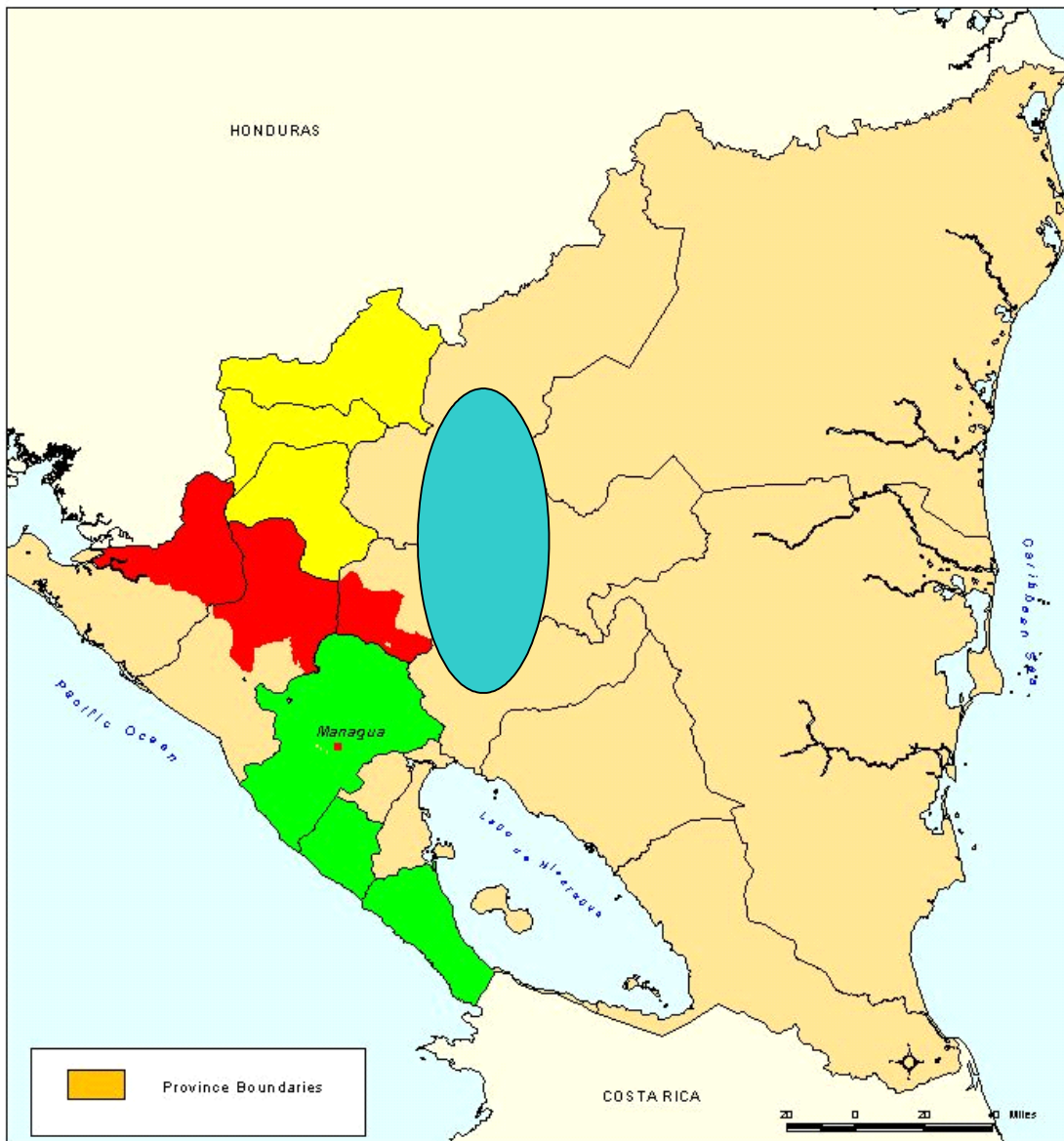
Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan and grant to the Republic of Nicaragua for the Inclusion of Small-scale Producers in Value Chains and Market Access Project, as contained in paragraph 35.

Map of the project area



NICARAGUA



Province Boundaries

IFAD Supported Projects

 346-NI	 406-NI	 529-NI
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**Proyecto
Tiangué:
Jinotega
Matagalpa
Boaco**

Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Republic of Nicaragua

Inclusion of Small-scale Producers in Value Chains and Market Access Project

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of Nicaragua
Executing agency:	Institute for Rural Development
Total project cost:	US\$21.7 million
Amount of IFAD loan:	SDR 2.55 million (equivalent to approximately US\$3.9 million)
Amount of IFAD grant:	SDR 2.55 million (equivalent to approximately US\$3.9 million)
Terms of IFAD loan:	Highly concessional 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Cofinancier(s):	Central American Bank for Economic Integration (CABEI) OPEC Fund for International Development (OFID)
Amount of cofinancing:	CABEI: US\$2.0 million OFID: US\$6.0 million
Contribution of borrower:	US\$4.4 million
Contribution of beneficiaries:	US\$1.4 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan and grant to the Republic of Nicaragua for the Inclusion of Small-scale Producers in Value Chains and Market Access Project

I. The project

A. Main development opportunity addressed by the project

1. The project will address several development constraints faced by the rural poor in Nicaragua: (i) limited access to natural resources; (ii) high vulnerability and food insecurity; (iii) few remunerated employment opportunities and limited possibilities to develop business ventures; (iv) lack of or inadequate public education and health services; (v) poor infrastructure; (vi) limited access to citizenship rights, including justice and security; and (vii) scarce participation in the design and implementation of development policies.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide to the Republic of Nicaragua a loan in the amount of SDR 2.55 million (equivalent to approximately US\$3.9 million) on highly concessional terms, and a grant in the amount of SDR 2.55 million (equivalent to approximately US\$3.9 million) to help finance the Inclusion of Small-scale Producers in Value Chains and Market Access Project. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for Nicaragua under the PBAS over the 2007-2009 PBAS cycle is US\$7.825 million.

Country debt burden and absorptive capacity of the State

4. Nicaragua has benefited from debt relief of US\$3,163 million under the Debt Initiative for Heavily Indebted Poor Countries (HIPC) and US\$867 million under the Multilateral Debt Relief Initiative. These figures represent amounts owed to the International Monetary Fund and the International Development Association, respectively. The Inter-American Development Bank has also agreed to cancel US\$984 million of the country's debt. In 2001, IFAD provided debt relief of EUR 7.5 million to Nicaragua under the HIPC Initiative, funded by a grant from the European Commission. These initiatives have reduced the country's total external debt to US\$4,525 million, with debt to multilateral financial institutions standing at US\$2,080 million.

Flow of funds

5. The IFAD loan and grant proceeds will be channelled through two special accounts, one for the loan and one for the grant, to be opened at the Central Bank of Nicaragua. The borrower will sign a subsidiary agreement with the Institute for Rural Development (IDR), which will open a project account with a commercial bank in national currency, through which project activities will be funded.

Supervision arrangements

6. IFAD will supervise the project. It will also undertake an annual supervision mission to coincide with meetings of other donors under the Productive Rural Development Programme (PRORURAL), a sector-wide initiative in which IFAD participates. In addition, the IFAD field presence officer for Nicaragua will assist in project implementation.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

7. Procurement of works, goods and services will be carried out in accordance with the procurement guidelines of the Central American Bank for Economic Integration (CABEI). The reasons for this are twofold: (i) CABEI will be contracted to administer the loan and grant; and (ii) CABEI procurement guidelines are already being used by the IFAD-funded Programme for the Economic Development of the Dry Region in Nicaragua, and both operations will be managed jointly under the same programme coordination unit.

Governance

8. The following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) use of private auditing firms and full adherence to IFAD Guidelines on Project Audits; and (ii) in collaboration with other financial partners and donors, provision of support for strengthening IDR's capacity in financial management and procurement.

C. Target group and participation

Target group

9. The project's target group has been determined using the following criteria: (i) high poverty levels; (ii) alignment with government strategies as set out in a sector-wide approach; (iii) agricultural potential; (iv) complementarity with IDR operations; (v) potential impact on the project area; and (vi) existence of or potential for dynamic markets. Based on these criteria, the project will target rural poor people living in the departments of Jinotega, Matagalpa and Boaco in the central region of Nicaragua, where about 45 per cent of the country's poor and extreme poor live. The project is expected to benefit 8,000 households of small-scale producers, the majority of whom are organized in cooperatives and other rural organizations; 8,400 households of labourers, who will be contracted to implement the project's rural roads component; and 2,500 vulnerable households.

Targeting approach

10. In line with the IFAD Policy on Targeting, the project will focus on the most vulnerable groups, including rural landless peasants, and farmers who have sustained losses because of droughts, floods and other natural disasters. To reach these groups, the project will implement a consultation process developed jointly with municipal development committees, as recommended by IFAD's Initiative for Mainstreaming Innovation in its review of the IFAD-financed Technical Assistance Fund Programme for the Departments of León, Chinandega and Managua (TAF).

Participation

11. The project will ensure the widest possible participation of beneficiaries and their organizations in all stages of project implementation. Among other activities, they will (i) identify the demand for funding of productive activities; (ii) make plans for organizational strengthening, value chain participation, and income-diversification initiatives; (iii) participate in local committees set up to select and prioritize proposals; (iv) implement activities through direct contracting for required services; (v) administer the resources transferred to them and contract service providers; and (vi) help improve, rehabilitate and maintain rural roads.

D. Development objectives

Key project objectives

12. The project's goal is to enable the targeted rural poor to take part in local and national social and economic processes in order to improve their income and employment opportunities. In particular, the project will: (i) promote the participation of small-scale producers in strategic value chains; (ii) contribute to income diversification; and (iii) help achieve IDR's objectives and results frameworks by aligning project activities with its institutional objectives.

Policy and institutional objectives

13. The project will support the four main rural policy and institutional objectives set by the new administration, which came into power in early 2007: (i) extending financial and non-financial services to the rural community; (ii) creating more employment opportunities; (iii) guaranteeing land tenure security; and (iv) strengthening rural infrastructure with an emphasis on upgrading the road network to allow for better market conditions and accessibility.

IFAD policy and strategy alignment

14. The project is consistent with IFAD's country strategic opportunities paper, which states that the Fund's overall strategic objective in Nicaragua is to integrate the rural poor into local and national socio-economic development processes. To achieve this objective, IFAD should use its experience and knowledge to promote income-generating activities and employment opportunities for the rural poor and their organizations, and to reduce gender inequalities and vulnerability.

E. Harmonization and alignment

Alignment with national priorities

15. The project is aligned with Nicaragua's poverty reduction strategy, which was initially adopted in 2001 and has subsequently been updated. The strategy is based on five main pillars: (i) economic growth; (ii) investments in human capital; (iii) environmental impact and disaster mitigation; (iv) protection of vulnerable groups; and (v) governance and institutional development. The strategy also includes three cross-cutting themes: (i) environment and ecological vulnerability; (ii) social equity; and (iii) decentralization.

Harmonization with development partners

16. Dialogue between the Government and the donor community has led to a greater alignment of donor-funded operations with national policies, which in turn has resulted in a more efficient use of aid. This is particularly relevant considering that about 75 per cent of the budgets of all public-sector agricultural organizations are financed from external sources. IFAD engages in constant dialogue with the Government and donors in order to coordinate interventions and further strategic planning.

F. Components and expenditure categories

Main components

17. The project has three main components: (i) value chain participation through strategic alliances; (ii) income diversification; and (iii) project management, including institutional alignment. The project will: (i) identify leading actors in select value chains and help small-scale producers develop alliances with them; (ii) provide financial and non-financial rural and entrepreneurial services for a wide range of initiatives (e.g. production, processing, entrepreneurial activities and management), strengthen organizational capacities and provide support for more vulnerable groups; (iii) improve the rural road network; and (iv) develop the capacities of small-scale producers (including those from the most vulnerable groups) and their organizations.

Expenditure categories

18. There are six expenditure categories: (i) rehabilitation of roads (US\$5.4 million, or 25 per cent); (ii) vehicles and equipment (US\$0.4 million, or 2 per cent), (iii) local initiatives fund (US\$4.5 million, or 21 per cent) and productive investment fund (US\$3.4 million, or 16 per cent); (iv) contractual services (US\$2.6 million, or 12 per cent) and credit (US\$3.5 million, or 16 per cent); (v) salaries (US\$1.6 million, or 7 per cent); and (vi) operational costs (US\$0.4 million, or 2 per cent).

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. IFAD's key implementing partners for this project will be IDR, including its regional delegations, and other public-sector agencies involved in rural development and agriculture. Through this project, IFAD will also continue to collaborate with CABI in Nicaragua, and in Central America more generally, and to participate in PRORURAL, to which various donors contribute.

Implementation responsibilities

20. The project will be implemented by IDR and will operate under its administrative and legal mandate, including with respect to procurement, accounting and other financial control mechanisms. IDR regional delegations will ensure coordination of field activities. The project will provide support to IDR's ongoing institutional reorganization, especially in terms of its field operations, and will be part of the strategic and operational structures of IDR.

Role of technical assistance

21. Technical assistance is the main focus of donor funding of Nicaragua's rural sector, with an emphasis on improving the performance of all public-sector entities responsible for agricultural and rural development. Denmark and Finland have made substantial contributions to this area. Through this project, IFAD will assist IDR in its institutional reform process, introducing dimensions such as gender, environmental impact, and monitoring and evaluation.

Status of key implementation agreements

22. The financing agreements between the Government, CABI and the OPEC Fund for International Development (OFID) still need to be finalized. In addition, the Government will need to submit the agreements negotiated with IFAD and the other cofinanciers to Congress.

Key financing partners and amounts committed

23. The total project cost is US\$21.7 million over seven years. IFAD will provide a loan of US\$3.9 million (18 per cent of the total cost) and a grant of US\$3.9 million (18 per cent). The Government will contribute US\$4.4 million (20 per cent). Beneficiaries will contribute US\$1.4 million (7 per cent). CABI is expected to contribute US\$2.0 million (9 per cent) and OFID US\$6.0 million (28 per cent).

H. Benefits and economic and financial justification

Main categories of benefits generated

24. The project will directly benefit the households of 8,000 small-scale producers, mainly coffee growers, and dairy and basic grain producers. It will create 8,400 jobs and will contribute to a more dynamic local economy by renovating rural roads, indirectly benefiting about 45,000 rural inhabitants who live near the roads. The project will also benefit 2,500 vulnerable rural families by establishing links with other projects such as IDR's Rural Development and Poverty Reduction Programme in the Boaco and Chontales Departments, and the national Zero Hunger Programme.

Economic and financial viability

25. An economic analysis shows a project internal rate of return of 24.6 per cent and a net present value of US\$14,749, with a cost-benefit ratio of 1.20. The financial analysis shows an internal rate of return of 18.7 per cent, a net present value of US\$10,764, with a cost-benefit ratio of 1.13.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

26. The project's monitoring and evaluation system will have a knowledge management subsystem to document, analyse and disseminate lessons learned and experience gained through innovative initiatives. This will allow the project to contribute to a knowledge management consortium, coordinated by the TAF programme and the Programme for the Economic Development of the Dry Region in Nicaragua (PRODESEC), with the participation of IFAD's Regional Unit for Technical Assistance and of FIDAMERICA, the network of IFAD-supported projects in Latin America and the Caribbean.

Development innovations that the project will promote

27. Innovations to be promoted by the project include: (i) providing tailor-made services to beneficiary groups using a demand-driven approach; (ii) establishing alliances with private enterprises to bring small-scale producers into value chains; (iii) encouraging alliances with other IDR projects in order to link project initiatives with other local-level interventions; (iv) enhancing comparative advantages by using market intelligence to determine market trends; and (v) capitalizing farmers' organizations and transferring resources to beneficiary groups who will administer funds directly based on clear agreements and business plans prepared and evaluated with technical assistance. The project will be situated within the existing operational structure of IDR and will contribute to the alignment of interventions in the country.

Scaling-up approach

28. It is expected that the project will scale up and expand to new geographic areas the approach that IFAD has developed during implementation of the PRODESEC and TAF programmes, taking account of the lessons learned, which are mainly related to the transfer of financial resources to beneficiary groups.

J. Main risks

Main risks and mitigation measures

29. The project faces six main risks: (i) It may not benefit the target group it has defined. This risk will be mitigated by close monitoring of project activities, making adjustments as required. (ii) The administrative and managerial capacity of IDR may be overstretched, which could lead to delays in project start-up and reduce local-level impact. This will be mitigated by building on lessons learned during implementation of PRODESEC and by the activities of the IFAD field presence officer. To speed up the reorganization of its activities and focus, IDR has also requested the Regional Unit for Technical Assistance to provide inputs. (iii) Small-scale producers may be unable to respond quickly to changes in the market environment. This risk will be minimized by establishing alliances with processing firms and other relevant enterprises. (iv) There may not be enough technical assistance providers available to respond to specific demands. This will be mitigated by providing appropriate training to suppliers in their respective areas of intervention. (v) The decision to transfer the administration of resources to beneficiary groups involves obvious risks, which will be minimized by providing these groups with appropriate support. (vi) The private sector may be reluctant to offer fair terms of trade to the poor. This risk will be mitigated by capitalizing farmers' organizations to enable them to market smallholder produce.

Environmental classification

30. Pursuant to IFAD's environmental assessment, the project has been classified as a Category B operation in that it is not likely to have any significant negative environmental impact.

K. Sustainability

31. Project sustainability is likely given various favourable conditions. These include: (i) the existence of political will to confront poverty and extreme poverty conditions; (ii) a focus on institutional strengthening, especially of IDR; (iii) an adequate provision of financial and non-financial services; (iv) a sufficient number of producer organizations ready to expand their activities; (v) the creation of economically viable production activities and commercial ventures; and (vi) the absence of any significant negative environmental impact.

II. Legal instruments and authority

32. A project financing agreement between the Republic of Nicaragua and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. Important assurances included in the negotiated agreement are attached as an annex.
33. The Republic of Nicaragua is empowered under its laws to borrow from IFAD.
34. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD.

III. Recommendation

35. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Nicaragua in various currencies in an amount equivalent to two million five hundred and fifty thousand special drawing rights (SDR 2,550,000) to mature on or prior to 1 August 2047 and to bear a service charge of three fourths of one per cent (0.75 per cent) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Nicaragua in various currencies in an amount equivalent to two million five hundred and fifty thousand special drawing rights (SDR 2,550,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lennart Båge
President

Important assurances included in the negotiated project financing agreement

(Negotiations concluded on 29 August 2007)

Pest management practices

1. The Government will ensure that none of the pesticides procured under the project are among those banned by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations (FAO), or among those classified as "extremely hazardous" and "highly hazardous" by the World Health Organization (WHO).

Resource protection

2. The Government will ensure that IDR takes all reasonable measures to ensure that the prevailing legal norms on the safeguarding of water, forests and wildlife are adhered to in the project area. The Government will further make every possible effort to ensure project sustainability without any adverse impact on the environment.

Fraud and corruption

3. The Government will ensure that IDR promptly brings to the attention of IFAD any allegations or concerns of fraud and/or corruption in relation to the project.

Insurance of personnel

4. IDR will insure project personnel against health and accident risks in accordance with national legislation.

Suspension

5.
 - (a) IFAD will suspend the right of the Government to request the withdrawal of funds from the loan and grant accounts if the required audit has not been satisfactorily concluded within 12 months of the due date.
 - (b) IFAD may suspend, in whole or in part, the right of the borrower to request the withdrawal of funds from the loan and grant accounts, upon the occurrence of any of the events set forth below: (i) the project operating manual has been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the project; (ii) any competent authority has taken any action for the dissolution of IDR or the suspension of its operations, or any action or proceeding has been commenced for the merger of IDR with another corporate entity or the distribution of any of its assets among its creditors, or the Government has not proposed another institution acceptable to IFAD as the lead project agency, or the proposed institution has not accepted the obligations incumbent upon the lead project agency; or (iii) IFAD has determined that an activity or a statement of intent to undertake an activity within the framework of the financing agreement by IDR is not compatible with IFAD's mandate or policies.

Conditions precedent to withdrawals

6. No withdrawals from the loan and grant accounts will be made until: (a) IDR has duly opened the project operating account; (b) the Government has allocated the initial counterpart funding amount for the first year; and (c) the annual work plan for the first year has been approved.

Conditions precedent to effectiveness

7. The project financing agreement will become effective subject to the fulfilment of the following conditions:
 - (a) The manager of PRODESEC will be appointed to undertake management of the project;
 - (b) IFAD has stated its non objection to the draft project operating manual;
 - (c) The Government has duly opened the special accounts;
 - (d) The financing agreement has been duly signed, and the signature and performance thereof by the Government has been duly authorized and ratified by all necessary administrative and governmental action;
 - (e) A favourable legal opinion, issued by the Attorney General of the Republic or another legal counsel designated by the Government and approved by IFAD has, in form and substance acceptable to IFAD, been delivered by the Government to IFAD;
 - (f) The agreement between the Government and IDR has been duly signed, and the signature and performance thereof by the Government has been duly authorized and ratified by all necessary administrative and governmental action.

Key reference documents

Country reference documents

Nicaragua. Estrategia Reforzada de Crecimiento Económico y Reducción de Pobreza (ERCERP) y ERCERP II. Managua 2005 y 2006

Nicaragua. Programa Sectorial de Desarrollo Rural Productivo Sostenible (PRORURAL) Managua 2003

Nicaragua. Plan Operativo Sectorial del Programa Sectorial de Desarrollo Rural Productivo Sostenible (PRORURAL) Managua 2006

Nicaragua. Informe de la Primera Evaluación del PRORURAL, Managua 2006

Nicaragua. Plan Nacional de Desarrollo Operativo (PND-O 2005-2009). Managua 2004

Nicaragua. "Programa Para Combatir la Pobreza y Alcanzar la Seguridad y Soberanía Alimentaria" Managua 2007.

IFAD reference documents

FIDA. Programa de Desarrollo Económico de la Región Seca de Nicaragua (PRODESEC) Agosto 2003.

FIDA. República De Nicaragua : COUNTRY STRATEGIC OPPORTUNITIES PAPER, COSOP. (Septiembre 2004)

FIDA. Informe de Iniciación (Inception) del "Proyecto Apoyo para la Inserción de los Pequeños Productores en las Cadenas de Valor y Acceso a Mercados" (noviembre 2005)

FIDA. Informe de Formulación del " "Proyecto Apoyo para la Inserción de los Pequeños Productores en las Cadenas de Valor y Acceso a Mercados" (IDR TIANGUE) (marzo 2007

FIDA. Política del FIDA de focalización en los pobres de las zonas rurales. Roma, Septiembre De 2006

Other miscellaneous reference documents

Acceso de pequeños productores a mercados dinámicos: el caso de la carne vacuna en Nicaragua
Paul Schütz¹, Fernando Balsevich y Thomas A. Reardon .Michigan University Septiembre 2004

Motores de Crecimiento Rural Sostenible y Reducción de la Pobreza en Centroamérica. Estudio de caso de Nicaragua. División de Medio Ambiente y Desarrollo Social Sostenible Región de América Latina y el Caribe, Banco Mundial. Diciembre, 2004;

Cadenas Productivas: Lecciones de la Experiencia Internacional y Nacional, el Despegue del Sector Lácteo en Boaco y Chontales. (Cooperación Técnica BID-FOMIN. Italian Trust Fund). Nitlapan-UCA; Managua;

La Ganadería como Oportunidad de Negocio para las Micro financieras: Consideraciones generales sobre el funcionamiento técnico y los mercados de productos ganaderos. Barrios C. PROMIFIN COSUDE, Managua;

La Cadena de Lácteos en Nicaragua: estudio de caso en el marco del proyecto regional "Las mujeres en la Agenda económica y en la apertura comercial". Publicado en el libro

Las cadenas de valor en Nicaragua: forestal y lácteos, tres estudios de casos. UNIFEM, Managua; Schütz, P., F. Balsevich y T. Reardon (2004).

Acceso de Pequeños Productores a Mercados Dinámicos: El caso de la carne vacuna en Nicaragua, ILRI / MSU.

Logical framework

Objective hierarchy	Key performance indicators and targets (RIMS indicators in Italics)	Monitoring and information sources	Assumptions and risks
Goal Rural poor men and women are mainstreamed into processes of local and national socio-economic development	<ul style="list-style-type: none"> Percentage of population with an income less than one dollar a day decreases in line with the MDG target of the NDP of 25% in 2015 (from 45% in 2001). Decrease of prevalence of child malnutrition will be in line with the target of the NDP-O of 15.5% in 2006 from 17.8 in 2001. Decrease of rural youth unemployment rate in line with target of NDP (not yet defined, 20% in 2001). Increase of school enrolment in line with target of NDP-O of 89.7% in 2008 from 83.5% in 2003 	<ul style="list-style-type: none"> Surveys of the GON to measure Ling standards (EMNV) implemented every 4 years, National System for monitoring Development Indicators (Presidency of Nicaragua- SINASIA-SECEP), Surveys by the Ministry of Industrial Promotion and Commerce (MIFIC, Surveys of Ministry of Education, Benchmark Survey, mid – term survey and final survey of RIMS impact indicators. 	
Project Purpose Rural poor in the Departments of Jinotega, Matagalpa and Boaco are integrated in value chains, markets and have improved their income and employment opportunities in the framework of the National Rural Development Policies	<ul style="list-style-type: none"> 10 500 HH benefiting from production project intervention, 8 400 rural roads labourers and 45000 indirect benef. Incremental increase in beneficiaries annual income resulting from income generating activities and employment opportunities (at least 3% for women and men respectively, indicator by PRORUAL) Incremental increase of value of assets of HH beneficiaries by 50% in seven years 	<ul style="list-style-type: none"> Survey of target group by Project Participatory rural assessments by M+E Unit Benchmark Survey, mid –term and final survey of RIMS impact indicators 	<ul style="list-style-type: none"> Laws and regulations are favourable for public and private investments in rural areas with high concentration of poor
Component: Output 1: Rural poor are strengthened to be integrated in the transformation and value added process of agricultural production linked to the agro-industrial sector	Integration of rural poor in value chains <ul style="list-style-type: none"> No of formal commercial and business relations established between 40% of rural poor producers attended by project and commercial entrepreneurs. Increase of volume and value of products in markets by 30% in seven years 4 500 farmer's enterprises strengthened producer organizations(average size 70 people) with improved business and management capacities(30% of organizations with women in leadership) 	<ul style="list-style-type: none"> Data base on contracts Memos of events and evaluation seminars Survey of products placed in the market Memos of TA and training results Focus group research 	<ul style="list-style-type: none"> Producer organizations are able to respond on time to quick and unforeseen changes in the trade environment and policies Private services offered on time
Component	Income diversification		
Output 2: Marginalized and vulnerable rural poor (specially women and youth) have diversified their income generating agricultural and non-agricultural activities	<ul style="list-style-type: none"> 3 500 individuals with new income generating activity 2500 vulnerable poor place higher volume and better quality of products in the market Coverage (60%) of micro-enterprise and employment services for inputs and marketing of products especially for this target group. Coverage (90%) of technical and employment services for 2000 non-skilled labourers, especially youth 4500 rural poor who have acquired better technical skills 	<ul style="list-style-type: none"> Memos of events and evaluation seminars Survey of products placed in the market Rapid survey on micro-enterprises and TA Memos of TA and training results 	<ul style="list-style-type: none"> Private services are offered on time and in line with the procedural requirements of the project
Component	Contribution to the result management of IDR		
Output 3: Activities in rural infrastructure, financial and non-financial services, strengthening rural organizations and partnership arrangements are conceptualised, integrated and implemented within the existing management and organizational structure of IDR	<ul style="list-style-type: none"> 4000 individuals obtain credit to start new income generating activities(35% women) 100 rural financial and non financial organizations with new mechanisms for credit/financing and other service provision that function efficiently in relation to users' demand. 1100 Km of tertiary roads rehabilitated/maintained by 100 local groups 100 local organizations with improved maintenance skills and management structure for maintenance of roads 55 incipient organizations(average size 20 people) with improved management and organizational capacities(30% of organizations with women in leadership) 40 commercial partnerships agreements signed by IDR 6 agreements signed by IDR with other social programme and projects. 	<ul style="list-style-type: none"> Monthly records of credit funds Data base of the credit programme of IDR Audits of credit funds Data base of IDR on Road infrastructure Data base on organizations of IDR Selected survey and focus group research on organizations M+ documents on IDR and partnership agreements 	<ul style="list-style-type: none"> IDR continue to follow its programmatic approach on management for results as agreed with the International Donor Community