

Document:	<u>EB 2008/95/R.22/Rev.1</u>
Agenda:	<u>11(b)(ii)</u>
Date:	<u>17 December 2008</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

E



Enabling poor rural people
to overcome poverty

President's report

Proposed loan to the Kingdom of Swaziland for the

Rural Finance and Enterprise Development Programme

Executive Board — Ninety-fifth Session
Rome, 15-17 December 2008

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:

Louise McDonald

Country Programme Manager
telephone: +39 06 5459 2497
e-mail: l.mcdonald@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

Contents

Recommendation for approval	ii
Map of the programme area	iii
Loan summary	iv
I. The programme	1
A. Main development opportunity addressed by the programme	1
B. Proposed financing	1
C. Target group and participation	2
D. Development objectives	2
E. Harmonization and alignment	3
F. Components and expenditure categories	3
G. Management, implementation responsibilities and partnerships	3
H. Benefits and economic and financial justification	4
I. Knowledge management, innovation and scaling up	4
J. Main risks	4
K. Sustainability	5
II. Legal instruments and authority	5
III. Recommendation	6
Appendices	
I. Key reference documents	
II. Logical framework	

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan to the Kingdom of Swaziland for the Rural Finance and Enterprise Development Programme, as contained in paragraph 35.

Map of the programme area

Swaziland

Rural Finance and Enterprise Development Programme



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.

IFAD Map compiled by IFAD

Kingdom of Swaziland

Rural Finance and Enterprise Development Programme

Loan summary

Initiating institution:	IFAD
Borrower:	Kingdom of Swaziland
Executing agency:	Ministry of Finance and partners
Total programme cost:	US\$9.01 million
Amount of IFAD loan:	SDR 4.05 million (equivalent to approximately US\$6 million)
Terms of IFAD loan:	Intermediate
Contribution of borrower:	US\$2.37 million
Contribution of beneficiaries:	US\$0.64 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan to the Kingdom of Swaziland for the Rural Finance and Enterprise Development Programme

I. The programme

A. Main development opportunity addressed by the programme

1. Income distribution in Swaziland is highly skewed, with about 76 per cent of the population living below the income poverty line and 43 per cent living in extreme poverty. Swaziland has the world's highest HIV prevalence rate (26 per cent), and in 2004, for the first time, it registered negative population growth. Climate change has had a severe impact on the country, as evidenced by the 2007 drought, the worst to date, requiring food aid to meet the population's needs. In line with Swaziland's national policy agenda, an opportunity exists for improving services and processes, providing access to resources (financial and business), developing capacities and improving governance. The Rural Finance and Enterprise Development Programme will improve the effectiveness of rural financial institutions, intensify entrepreneurial activity to stimulate the rural economy, and provide smallholders, small processors and farmers'/peoples' organizations with more efficient access to credit and savings.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide a loan to the Kingdom of Swaziland in the amount of SDR 4.05 million (equivalent to approximately US\$6 million) on intermediate terms to help finance the Rural Finance and Enterprise Development Programme. The loan will have a term of 20 years, including a grace period of 5 years and is to bear an interest rate of one half of the reference interest rate per annum as determined by the Fund annually.

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

3. The allocation defined for Swaziland, a minimum allocation country under the PBAS, is a total of US\$6 million for the 2007-2009 and 2010-2012 allocation cycles.

Country debt burden and absorptive capacity of the State

4. As a lower middle-income country, Swaziland has been assessed under the Debt Sustainability Framework as being not at risk of future debt distress. IFAD has financed three projects in the country, with loans totalling SDR 22.7 million provided on IFAD's intermediate terms.

Flow of funds

5. Funds will flow from a special account in United States dollars through the Central Bank of Swaziland directly into the account of the microfinance unit (to be established under the programme), as per the annual workplan and budget and the related quarterly cash flow forecasts. Funds will subsequently be transferred to the implementing partners' accounts.

Supervision arrangements

6. The programme will be directly supervised by IFAD. Supervision will consist of two field missions, coinciding with supervision of the ongoing IFAD-funded Lower Usuthu Smallholder Irrigation Project - Phase I (LUSIP), and will involve the participation of key stakeholders (Government, National Emergency Response Council on HIV/AIDS [NERCHA], World Bank and financing institutions).

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

7. An amount of up to US\$0.25 million will be made available from the loan account under retroactive financing arrangements with respect to eligible expenditures

incurred starting from the date of loan approval by the Executive Board to finance preparations for programme implementation. This constitutes an exception to section 4 of the General Conditions.

Governance

8. The following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) a programme steering committee will be established; (ii) support will be provided to establish a national coordination committee (overseeing development and monitoring and evaluation nationally); (iii) procurement of goods and services will be undertaken in accordance with national procedures and IFAD guidelines; and (iv) support will be provided for policy and legislative reform.

C. Target group and participation

Target group

9. The principal target groups are: (i) the most vulnerable and marginalized rural people, including HIV/AIDS-affected households, orphans, child-headed households and subsistence producers; (ii) active poor households that can seize income-generating opportunities if focused support is provided; and (iii) households wanting to develop small-scale enterprises. The first two groups will focus initially on micro-level activities, whereas the last group will scale up from micro to small entrepreneurial activities, thereby accessing broader rural financial services.

Targeting approach

10. The targeting strategy is in line with the IFAD Policy on Targeting. It builds on approaches tested by LUSIP – particularly its success in the development of the chiefdom development plan process applied within the traditional systems. These approaches will be applied during the pilot and first phases, and revised following review by the stakeholders prior to the national roll-out.

Participation

11. To enhance participation by women, young people and vulnerable groups, the project will adopt two approaches at the local level: linkage banking (between formal and informal finance institutions); and partnerships with NERCHA teams (thus also providing social support), which will focus on access to financial services.

D. Development objectives

Key programme objectives

12. The programme's overall goal is to reduce poverty, increase incomes and contribute to the overall economic development of poor rural households in Swaziland. Its objectives are to: (i) provide rural poor men and women with access to efficient, effective and sustainable financial services; (ii) develop an enabling and enhanced environment for business development in rural areas; and (iii) establish and/or develop micro and small-scale enterprises (on- and off-farm) as well as business services in rural areas.

Policy and institutional objectives

13. The programme will improve the business and financial sectors, providing an enabling environment through the reform of policies, regulations, legislation and processes. It will also build the capacity of the public and private sectors and civil society. Access to business and financial services will help stimulate rural economic growth.

IFAD policy and strategy alignment

14. The IFAD Strategic Framework 2007-2010, the IFAD Rural Finance Policy and the Fund's results-based country strategic opportunities programme for Swaziland (approved in 2006) have a strategic fit with Swaziland's initiatives to support rural poverty reduction through its Poverty Reduction Strategy and Action Plan (PRSAP).

E. Harmonization and alignment

Alignment with national priorities

15. The programme has been designed to align with the priorities established in the PRSAP. In particular, it focuses on stimulating rural economic development (micro and small entrepreneurial activity) through the provision of financial services in rural areas for both on- and off-farm activities.

Harmonization with development partners

16. To ensure a fit with ongoing projects and programmes, representatives of the Government, development partners, NGOs and the private sector contributed to programme design as part of the country programme management team.

F. Components and expenditure categories

Main components

17. The programme has three components: (i) building entrepreneurial capacity in the rural economy; (ii) deepening the rural financial sector; and (iii) programme management and coordination.

Expenditure categories

18. There are five expenditure categories foreseen: (i) training; (ii) technical assistance; (iii) vehicles, equipment and materials; (iv) programme unit staff; and (v) operation and maintenance.

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. The Ministry of Finance will provide oversight to the programme and act as the lead implementation agency through the microfinance unit. Implementation activities have been allocated based on roles and responsibilities, and will involve the Poverty Reduction Unit of the Ministry of Economic Planning and Development, the Ministry of Enterprise and Employment, the private sector, microfinance institutions (MFIs) and NERCHA.

Implementation responsibilities

20. The microfinance unit will be responsible for overall programme coordination and for the implementation of a subcomponent focusing on policy, regulatory and legislative issues affecting the financial sector. It will report to the programme steering committee for guidance on policy, strategy and management, and for the approval and supervision of annual workplans and budgets. All monitoring and evaluation results will be reported to the national coordination committee.

Role of technical assistance

21. The programme will receive technical assistance from national, regional and international experts and specialized agencies. Training and exchange visits will also assist beneficiaries and implementers.

Status of key implementation agreements

22. A small country grant, previously approved by the President of IFAD, is being used to pilot the programme's initial activities in preparation for its first phase. A programme preparation facility is also being used to support the establishment of the microfinance unit.
23. The total programme cost is US\$9.01 million over six years. The sources of financing will be IFAD (67 per cent), the Government (26 per cent) and local participants (7 per cent). IFAD will provide a loan of US\$6 million; the Government's projected contribution is US\$2.37 million; and local participants will contribute US\$0.64 million, to be allocated to the programme's first component, building entrepreneurial capacity in the rural economy.

H. Benefits and economic and financial justification

Main categories of benefits generated

24. Of the poorest and most vulnerable households, 30 per cent will benefit from access to financial services and reduced travel time, and 20 per cent from lower transaction costs for financial services; moreover, 5 per cent will have additional income that can be used for other goods/services (health) or savings. The active poor will have a 35 per cent increase in savings and a 20 per cent increase in access to the information and services needed for microenterprise start-up. Of the existing microentrepreneurs, 25 per cent will scale up to small enterprises and will have a 20 per cent increase in savings. Finally, 30 per cent of rural dwellers who are not poor will also benefit from access to financial services locally. More generally, major programme benefits include: access to financial services in rural areas; more appropriate loan products; the possibility for beneficiaries to establish a credit history; and a reduction in transaction costs for banking and services.

Economic and financial viability

25. With effective targeting, and provided that constraints to accessing microfinance are mitigated, the rural poor can make substantial gains. It is estimated that, as a result of programme activities, a "typical" household will receive a yearly incremental benefit of some US\$2,550. Assuming that the programme will have a demonstration effect and stimulate rural growth multipliers, the Government will also gain from a growing rural economy through increased business turnover and an enlarged tax base.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

26. The microfinance unit will establish a website and post information about activities, reports and documents generated by participants, training interventions with learning and mentoring materials, and evaluations of those activities. A full technical and financial evaluation will be conducted of the experience gained from the introduction of an e-technology system, and findings will be made available. Furthermore, the programme will share knowledge gained during implementation by participating in IFAD's Rural Finance Network for Eastern and Southern Africa and in FIDAfrique (an Internet-based network of IFAD operations in Africa). It will also contribute to IFAD's regional newsletter.

Development innovations that the programme will promote

27. Funds provided by IFAD's Initiative for Mainstreaming Innovation were used to establish a website, which has served as a reference point both for the design process and for the creation of a knowledge base on the country and on rural finance. The programme provides an innovative approach – and one not used before in Swaziland – to institutional development and capacity-building for both the informal and formal banking sectors. The use of e-technology (including perhaps biometric smart cards) will be highly innovative for Swaziland and IFAD, and could be replicated in the region.

Scaling-up approach

28. Following the pilot, the programme will be scaled up nationally. A number of formal financial institutions have indicated that, if the programme is successful in reaching the unbanked, they may replicate its approach throughout the region.

J. Main risks

Main risks and mitigation measures

29. The programme faces seven main risks, which are listed below with the planned mitigation measures: (i) The Government may fail to introduce legislation facilitating a robust and safe base for rural finance and for the business environment. The Government has already identified critical gaps and constraints, and the programme

will provide technical assistance for the development of appropriate legislation, policies and strategies to provide an enabling environment. (ii) The risks associated with transforming subsistence farmers into entrepreneurs will be addressed through technical skills development and appropriate business training and mentoring. (iii) Several risks are associated with the introduction of the programme's proposed e-technology solution. Banks and telecommunication groups are expected to design appropriate technological packages to meet the needs of the finance and business sectors. The scoping report will take account of the lessons learned in the region (e.g. Malawi) to ensure that the correct e-technology is applied. (iv) To counter the risks posed by drought and its adverse impact on the rural economy, the Government plans to introduce insurance and reinsurance products in the agriculture sector. (v) To avoid MFI financial unsustainability, the programme will provide institutional development and capacity-building for these institutions, including training on international financial standards. (vi) To mitigate the risk that HIV/AIDS may devastate the population, the programme will link with NERCHA for local-level delivery jointly with MFIs, thereby offering affected communities increased support and resources – replicating the successful Intervention with Microfinance for Aids and Gender Equity (IMAGE) Project in South Africa. (vii) A significant risk is the anticipated sharp decline in revenues from the Southern African Customs Union expected in 2009. The Government is cognizant of this problem and has been actively pursuing mitigation options to address it, including technical assistance from the International Monetary Fund (since 2005) to revise taxation practices, establish a revenue authority to improve collection and implement a range of reform measures.

Environmental classification

30. Pursuant to IFAD's environmental assessment procedures, the programme has been classified as a Category B operation in that it is unlikely to have any significant environmental impact.

K. Sustainability

31. The substantial investment in institutional development and capacity-building will have multiplier effects throughout the sector, and strong private-sector involvement is expected to increase the likelihood of sustainability. Technical assistance is provided to create a pro-poor business environment. In particular, barriers to entry and exit for enterprises will be reduced through the revision of processes and procedures, and incentives will be encouraged to increase registration of businesses. This will be supported by the work of the International Monetary Fund with the Ministry of Finance to reform the taxation structure, providing a coherent policy and a process that reduces opportunities for corruption.

II. Legal instruments and authority

32. A programme loan agreement between the Kingdom of Swaziland and IFAD will constitute the legal instrument for extending the proposed loan to the borrower. Important assurances included in the negotiated agreement will not be tabled at the session. The Board will be requested to approve the programme proposal for the Kingdom of Swaziland subject to the completion of the negotiations of the loan agreement within six months of the Executive Board's approval. Any substantive changes to the terms presented to the Board as a result of negotiations will then be presented to the Board at a future session.
33. The Kingdom of Swaziland is empowered under its laws to borrow from IFAD.
34. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

III. Recommendation

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

RESOLVED: that the Fund shall make a loan to the Kingdom of Swaziland in various currencies in an amount equivalent to four million and fifty thousand special drawing rights (SDR 4,050,000) to mature on or prior to 1 December 2028 and to bear an interest rate of one half of the reference interest rate per annum as determined by the Fund annually, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lennart Båge
President

Key reference documents

Country reference documents

Poverty reduction strategy paper

IFAD reference documents

Project design document (PDD) and key files
COSOP

Administrative Procedures on Environmental Assessment

Other miscellaneous reference documents

1. Combining microfinance and training on gender and HIV (IDS, 2008)
2. Country Strategic Opportunities Programme (IFAD, 2006)
3. Doing Business Indicators (World Bank, 2005)
4. Empowering Women through Self-Help Microcredit Schemes (Kay/ESCAP, 2003)
5. Environmental and Social Management Framework – Swaziland Local Government Project (de Vletter, 2008)
6. Exploring Gender Issues in our Work (IFAD, 2007)
7. Gender and Indicators – Supporting Resources Collection (Esplen & Bell / UNDP, 2007)
8. IFAD Rural Finance Policy
9. IFAD Strategic Framework 2007-2010
10. Knowledge Management: A Thematic Review – IFAD Support for Water Management and Irrigation in Eastern and Southern Africa (IFAD Report No. 1034, 2000)
11. Reviewing 'Emergencies' for Swaziland (Whalley, 2007)
12. Rural Finance and Enterprise Development Programme Briefing Document (IFAD, 2008)
13. Rural Finance and the Development of Institutional Arrangements for Smallholder Producers/Processors & Entrepreneurs (Clayton & Low/IFAD, 2008)
14. Rural Finance and the Development of Institutional Arrangements for Farmer Organisations (Nkambule/IFAD, 2008)
15. Socio-Economic and Gender Analysis Training Workshop for IFAD Projects (IFAD, 2003)
16. Swaziland Country Strategic Opportunities Programme (IFAD, 2006)
17. Swaziland Investment Climate Assessment (World Bank)
18. Memorandum Lending Terms for a new Rural Finance and Enterprise Development Programme (December 2008 Board) dated 18 July 2008

Please also see Country Management Team documents on the Swaziland Design Team Workspace: <http://workspaces/design-team/pf/swz>

Logical framework

Objectives (Programme Narrative)	Indicators	Means of Verification	Assumptions
<p>Goal</p> <p>To reduce poverty and contribute to the overall economic development of poor rural households in Swaziland</p>	<ol style="list-style-type: none"> 20% of households with improvements in household assets ownership index* 10% Reduction in the prevalence of child malnutrition, by gender (h/a, w/a, w/h)* 30% of households reporting increased food security. Percentage increase (from 5 to 15%) in rural sector portion of natural GCP as for National statistics 20% Decrease in the percentage of households in targeted areas in the poorest wealth group 	<ul style="list-style-type: none"> Baseline, mid-term, and Completion assessment (RIMS) National statistics from MEPD, Bureau of Statistics, other UN agencies PRA (including wealth ranking) 	Government commitment to poverty reduction and reforms (especially of the finance sector) continues
<p>Overall Programme Purpose (Immediate Objective)</p> <p>Rural poor benefit from increased incomes improved business opportunities and access to sustainable rural financial services</p>	<ol style="list-style-type: none"> Percentage increase in average household income (from 0 to 20%) Percentage of households reporting their income has improved (from 0 to 20%) Percentage decrease in unemployment rates in rural areas (from 0 to 10%) Percentages of rural poor that have been engaged in SMMEs for at least three years (from 0 to 20%) 	<ul style="list-style-type: none"> Beneficiary surveys National statistics Sample surveys of SMMEs established through the programme 	Demand and purchasing capacity of markets can absorb increased offer of agro-industry commodities Continued political commitment to decentralization of the development process and poverty reduction
Component 1. Building Entrepreneurial Capacity in the Rural Economy			
<p>Component Objective (outcome)</p> <p>Rural poor enabled to develop viable and sustainable micro and small business in a pro-poor and enabling environment for business development rural areas</p>	<ol style="list-style-type: none"> Increase in the number of businesses registered (from 0 to 20%) Number of SMMEs supported by the project still operational after three years (from 0 to 50 within programme life) Number local business service providers effectively working in rural areas three years after support (from 0 to 100) Number of SMMEs accessing local business service providers (from 0 to 1400) Satisfaction rates on the services of local business services providers (from 0 to 70%) 	<ul style="list-style-type: none"> Local business register Training programmes evaluations Client surveys (for assessing use and satisfaction of local business services providers) 	Government commitment to pro-poor business environment continues through policy/legislative reforms
<p>Outputs</p> <ol style="list-style-type: none"> SME Unit (MEPD) supported in refining existing SMME policy business process and strategies New and appropriate legislation drafted Training needs analysis conducted and training courses organized Targeting mechanism for training developed in cooperation with SCF, MOAC, and MEDP Business support entities staff and staff of SME Unit trained Emerging rural entrepreneurs, members of farmers organizations, cooperatives and community groups trained Selected trainees involved in exchange visits in other countries Supported rural micro and small enterprises linked to MFIs and the formal banking sector 	<ol style="list-style-type: none"> Number of pro-poor enabling policies/measures/strategies promulgated (from 0 to 5) Number of people trained, by gender (Business support entities staff and staff of SME Unit) (from 0 to 411) Number of SACCOs, multipurpose cooperatives, community and farmer groups participating in the programme (from 0 to 200) Number of people trained, by gender (Business support entities staff and staff of SME Unit) (from 0 to 5650) Number of people participating in exchange visits, by gender (from 0 to 450) Number of enterprises established/strengthened with the support of the programme (from 0 to 2460) Number of supported SMEs taking loans or accessing other financial services through the programme (from 0 to 2000) 	<ul style="list-style-type: none"> Policy and strategy documents produced Training reports / data from trainers Records from exchange visits Programme records Data from partners MFI MFU SME Unit of MEE 	<p>Management training needs accepted by executive committees</p> <p>Economic conditions remain conducive to rural micro enterprises</p> <p>Interlinking access to improved business opportunities</p>
Component 2. Deepening the Financial Sector			
<p>Component Objective (outcome)</p> <p>The rural poor can access reliable financial services (savings, credit, transfers, etc) in a pro-poor enabling environment in rural areas</p>	<p>Number of loans issued (from 0 to 2000)</p> <p>Savings increased by 25%</p> <p>Annual % increase of linkage banking portfolio in targeted rural areas (from 0 to 15%)</p>	<ul style="list-style-type: none"> Data / records from banking institutions Annual surveys 	
<p>Outputs</p> <ol style="list-style-type: none"> MFU (MoF) supported in refining policies/strategies and legislation for pro-poor financial services Institutional development and capacity building for the financial sector institutions Develop and pilot appropriate financial products and use of innovative technology Lending products and financial services developed to suit the needs of the rural poor Loans for on and off farm activities 	<p>Number of pro-poor enabling policies/measures/strategies promulgated (from 0 to 5)</p> <p>Number of people trained, by gender and institution (Financial institutions staff and staff of MFU/MoF, SPTC etc) (from 0 to 150)</p> <p>% of rural population, including target group, accessing financial services through the programme (from 0 to 60%)</p> <p>Type(s) of technologies employed to deliver financial services in rural areas</p> <p>Number of beneficiaries trained in financial issues, by gender (from 0 to 5490)</p> <p>Number of active savers and borrowers, by gender and type (from 0 to 2500)</p> <p>Value of gross loan portfolio</p>	<ul style="list-style-type: none"> Data / records from banking institutions Annual surveys Records from trainers and MFU 	
Component 3. Programme Management and Coordination			
<p>Component objective (Outcome)</p> <p>Efficient coordination structures, monitoring mechanisms and management practices for this and future programmes and projects developed in Swaziland</p>	<ol style="list-style-type: none"> Supervision Mission ratings 70% of interventions/activities effectively implemented as planned in AWPB Perception of programme stakeholders regarding project management capacity to plan, implement, and monitor programme interventions (10 to 15% increase in positive response per annum) 	<ul style="list-style-type: none"> Supervision reports Annual Progress reports Annual surveys Programme M&E 	There is sufficient manpower to staff the MFU adequately
<p>Outputs</p> <ol style="list-style-type: none"> The MFU established (staff recruited), equipped; trained for cross cutting issues (gender mainstreaming, HIV/AIDS, marginalised, young people etc) Programme coordination clear for implementer bodies, linkages with agencies/private sector, innovators and investors Monitoring and evaluation, impact assessment, RIMS and knowledge management systems established 	<ol style="list-style-type: none"> Staff and TA recruited on gender sensitive basis (80%) PIM up-dated (annually) AWP&Bs / procurement timely (from 60 to 100%) Coordination within programme and across development Beneficiary participation (from 70 to 100%) 	<ul style="list-style-type: none"> Supervision reports Annual Progress reports Annual surveys Programme M&E Minutes of Coordination Committee MEPD statistical reports Annual surveys 	

Results Framework

Objective	Inputs	Anticipated Actions	Output Indicators	Cumulative Targets						Frequency & Instruments	Responsibility		
				Pilot Baseline	1	2	3	4	5			6	
Goal: To contribute to the reduction of poverty and overall economic development of poor rural households in Swaziland Programme Objective: Rural poor benefit from increased incomes, improved business opportunities and access to sustainable rural financial services	Technical Assistance	Pro-poor policy and legislative environment Increased capacity in civil society as well as public and private sectors Increased savings activity in rural areas Increased incomes Improved business and financial services	1. % of households with improvements in household assets ownership index*	5%	10%	5%	5%	5%	5%	5%	<ul style="list-style-type: none"> - Baseline, Mid-term, and Completion assessment (RIMS) - National statistics - Bureau of Statistics, UN agencies - PRA (including wealth ranking) - Beneficiary surveys - National statistics - Sample surveys of SMMEs established through the programme 	MFU	
	Capacity Building		2. % Reduction in the prevalence of child malnutrition, by gender (h/a, w/a, w/h)* (5 to 10%)	-	2%	5%	5%	7%	7%	8%		MEPD	
	Business services development		3. % of households reporting increased food security (5 to 50%)	5%	10%	15%	20%	30%	40%	50%		MFU	
	Financial services in rural areas		4. % increase (from 5 to 15%) in rural sector portion of national GDP as for National Statistics	0%	3%	5%	8%	10%	13%	15%		MEPD	
	New financial products		5. 20% decrease in the percentage of hhs in targeted areas in the poorest wealth group	0%	3%	5%	8%	12%	15%	20%		MEE	
Component 1													
Rural poor enabled to develop viable and sustainable micro and small business in a pro-poor and enabling environment for business development rural areas	Refine existing SMME policy business process and strategies	Entry and exit to business development easier Legislation supports economic development and less opportunities for corruption Increased local capacity both in public and private sector (including target groups) Increased knowledge base Access to financial services	1. Increase in the number of businesses registered	5%	25	75	150	400	625	1000	<ul style="list-style-type: none"> - Local business register - Training programmes evaluations - Client surveys (for assessing use and satisfaction of local business services providers) 	SMME Unit	
	New and appropriate legislation		2. Number of SMMEs supported by the project still operational after three years	-	-	-	-	10	25	50		MFU	
	Training conducted		3. Number local business service providers effectively working in rural areas three years after support (as for training follow up)	-	-	-	-	50	70	100		MFU	
	Exchange visits in other countries		4. Number of SMMEs accessing local business service providers	30	50	250	550	750	900	1400			
	Enterprises linked to MFIs and the formal banking sector		5. Satisfaction rates on the services of local business services providers.	20%	25%	35%	40%	50%	60%	70%			
Component 2													
The rural poor can access reliable financial services (savings, credit, transfers, etc) in a pro-poor enabling environment in rural areas	Pro poor policies/strategies and legislation for financial services Institutional development and capacity building Appropriate financial products Innovative technology New lending products Access to financial services for the rural poor	1. Number of loans issued	-	40	250	750	1100	1600	2000	<ul style="list-style-type: none"> - Data / records from banking institutions - Annual surveys - Records from trainers and MFU 	Financial Institutions		
		2. Savings increased by 50%	5%	10%	15%	20%	30%	40%	50%		MFU		
		3. Annual % increase of linkage banking portfolio in targeted rural areas	5%	10%	20%	35%	50%	65%	80%		MFU		
Component 3													
Efficient coordination structures, monitoring mechanisms and management practices for this and future programmes and projects developed in Swaziland	Coordination	National level – coherence across development, reduction in duplication, Regional/local level - greater participation in decision making and implementation with impact on future planning Improved delivery of programmes	1. Staff and TA recruited on gender sensitive basis	80%	100%	-	-	-	-	-	<ul style="list-style-type: none"> - Supervision reports Annual - Annual Progress reports - Annual surveys - Programme M&E - Minutes of National Coordination Committee (quarterly) - MEPD statistical reports (Annual) - Annual surveys 	IFAD mission	
	Monitoring and evaluation		2. PIM up-dated	100%	100%	100%	100%	100%	100%	100%		100%	MFU
			3. AWP&Bs / procurement timely	60%	70%	90%	90%	100%	100%	100%		100%	MFU
			4. Coordination within programme and across development	60%	70%	80%	90%	100%	100%	100%		100%	MFU and Implementing Partners
			5. Beneficiary participation	70%	70%	80%	90%	100%	100%	100%		100%	MEPD