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Enabling poor rural people
to overcome poverty

President's report

Proposed loan and grant to the Republic of Guatemala for the

Sustainable Rural Development Programme for the Northern Region

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.

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Abbreviations and acronyms

FONAPAZ	National Fund for Peace
OFID	Organization of the Petroleum Exporting Countries Fund for International Development

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan and grant to the Republic of Guatemala for the Sustainable Rural Development Programme for the Northern Region, as contained in paragraph 35.

Map of the programme area



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 Guatemala

Sustainable Rural Development Programme for the Northern Region

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of Guatemala
Executing agency:	National Fund for Peace
Total programme cost:	US\$40.4 million
Amount of IFAD loan:	SDR 12.1 million (equivalent to approximately US\$18.0 million)
Amount of IFAD grant:	SDR 300,000 (equivalent to approximately US\$450,000)
Terms of IFAD loan:	18 years, including a grace period of 3 years, with an interest rate equal to the reference interest rate per annum as determined by the Fund annually
Cofinancier:	OPEC Fund for International Development
Amount of cofinancing:	US\$15.0 million
Terms of cofinancing:	Parallel
Contribution of borrower:	US\$4.3 million
Contribution of beneficiaries:	US\$2.7 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan and grant to the Republic of Guatemala for the Sustainable Rural Development Programme for the Northern Region

I. The programme

A. Main development opportunity addressed by the programme

1. The programme expands IFAD's presence in the northern region, consolidating the Government of Guatemala's National Rural Development Programme. It centres on market access and agricultural and non-agricultural rural business generation for smallholders and microentrepreneurs, and seeks to increase production, employment and incomes. This will be accomplished through private-sector entrepreneurial linkages as the engine of the sustainable quality production, commercialization/export and technological development chain.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide to the Republic of Guatemala a loan in the amount of SDR 12.1 million (equivalent to approximately US\$18.0 million) on ordinary terms and a grant in the amount of SDR 300,000 (equivalent to approximately US\$450,000) to help finance the Sustainable Rural Development Programme for the Northern Region. The loan will have a term of 18 years, including a grace period of three years, with an interest rate equal to 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 the Republic of Guatemala under the PBAS is US\$18,463,062 over the three-year allocation cycle (2007-2009), based on consistently improving annual scores.

Country debt burden and absorptive capacity of the State

4. Guatemala's external debt is managed under a strict financial policy, thus the country has adequate capacity to absorb and service the proposed loan. The Government's capacity to service the country's debt can be ranked as satisfactory. Guatemala has received seven IFAD loans, approved between 1984 and 2004, for a total of SDR 70.0 million (average loan size, SDR 10.0 million). Two loans are ongoing, while the most recent (for the National Rural Development Programme: Central and Eastern Regions), approved in December 2004, was signed on 12 June 2008 and then submitted for National Assembly ratification. The country's repayment history is fully satisfactory.

Flow of funds

5. IFAD loan and grant proceeds will be channelled through the National Treasury's External Loans Account (*Cuenta Única*) to two secondary accounts to be opened in the name of the executing agency, the National Fund for Peace (FONAPAZ). Resources will be channelled to a programme account for day-to-day activities, in accordance with the annual workplan and budget.

Supervision arrangements

6. The programme will be directly supervised by IFAD.

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

7. No exceptions are foreseen.

Governance

8. The following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) programme-strengthened municipal planning capabilities; (ii) social audit by community and municipal development councils; (iii) annual independent audits in accordance with IFAD's audit guidelines; (iv) a consistent operational manual for the allocation of competitive co-investment funds for enterprise development, natural resource management and rural financial service innovation; and (v) a stronger IFAD presence in the country.

C. Target group and participation

Target group

9. The target group comprises subsistence agricultural producers, emerging commercial agricultural producers, landless farmers/wage labourers, agricultural and non-agricultural microentrepreneurs, traditional handcraft artisans, and rural women and young people. The programme's direct beneficiaries have been estimated at 25,000 households and its indirect beneficiaries at 53,000 households, including those benefiting from rural roads and social infrastructure.

Targeting approach

10. To address the distinct needs of target groups and indigenous populations, in accordance with the IFAD Policy on Targeting, the programme will expand development investments in selected priority communities and municipalities that are currently not served by any development project (inclusion in development). It will consolidate activities in the more advanced zones of ongoing IFAD programmes, under a strategy of business consolidation and market access of rural microenterprises (rural modernization). The programme's social targeting involves: (i) participation by representative community and municipal development councils in determining priority areas of intervention and social groups; (ii) empowering beneficiaries to actively participate in programme-related decisions; and (iii) enabling beneficiaries to access the programme through economic organizations.

Participation

11. Beneficiaries will be involved in participatory diagnosis and strategic planning at community, municipal and departmental levels. The programme aims to support communities and economic interest associations by strengthening their capacity to negotiate with the Government. Feedback mechanisms will be established with the organized target groups. Representatives of beneficiaries will participate in development councils and project monitoring and evaluation systems.

D. Development objectives

Key programme objectives

12. The programme includes four major thrusts: (i) transforming subsistence agricultural and non-agricultural activities into profitable, market-oriented rural businesses and microenterprises operating on local and external markets, supported by specialized technical and business-related assistance, and access to resources from key competitive co-investment funds and financial services; (ii) developing the human and social capital resource base by strengthening the organizational, managerial, and decision-making capacities of rural and indigenous communities, producer associations and development councils; (iii) expanding social and economic infrastructure, including rural roads; and (iv) conservation and rational utilization of natural resources within a context of strengthened sectoral planning and coordinated development action at municipal and departmental levels.

Policy and institutional objectives

13. From a country programme perspective, the proposed investments seek to facilitate enhanced implementation and coordination of rural development programmes and the harmonization of poverty intervention strategies. This will be achieved through: (i) expansion and consolidation of the Government's National Rural Development

Programme; (ii) reactivation of the policy dialogue round tables at national, departmental and municipal levels; and (iii) consolidation of key strategic alliances with international development agencies, Government, civil society and the private sector.

IFAD policy and strategy alignment

14. Through the programme – and in line with IFAD’s country strategic opportunities programme 2008-2012 and the IFAD Strategic Framework 2007-2010 – target groups will gain wider access to, inter alia: (i) national and regional markets in the context of the opportunities and threats presented by trade liberalization; (ii) employment opportunities, rural financial services and mechanisms for establishing rural businesses and enterprises; (iii) rural roads and social infrastructure; and (iv) sustainable agriculture technologies.

E. Harmonization and alignment

Alignment with national priorities

15. Rural development, increased food security and poverty reduction are stated priorities of the Government, as outlined in the country’s Government Plan 2008-2011. Achieving the Millennium Development Goals is also a primary concern. Major objectives are: (i) eradicating hunger and extreme poverty in rural and indigenous communities; (ii) developing an export-oriented, diversified, competitive and profitable agricultural sector; and (iii) reversing the degradation of natural resources and reducing the country’s vulnerability to natural disasters.

Harmonization with development partners

16. The overall IFAD intervention strategy in Guatemala is based on partnership-building with the private sector and other stakeholders, cofinancing and cooperation with donors, and adherence to the principles of the Paris Declaration on Aid Effectiveness. The proposed programme is fully aligned with the Government’s international cooperation agenda regarding rural development, food security, gender awareness, intercultural equity and environmental management. The OPEC Fund for International Development (OFID) is a continuing partner and cofinancier of IFAD in Guatemala. IFAD’s operations are expected to be complemented by the World Bank’s land administration programme in the northern region. Important experiences are expected to be drawn from the Rural Economic Development Program (World Bank/Inter-American Development Bank) and the partnership among the Danish International Development Assistance, the United States Agency for International Development, the Guatemalan Exporters’ Association and IFAD, in support of the entrepreneurial linkages approach to market access and rural business development. Similarly, there is potential for collaboration and experience-sharing with the Spanish Agency for International Cooperation, the European Union and the German Agency for Technical Cooperation, on local development and municipal governance.

F. Components and expenditure categories

Main components

17. The programme has five components: (i) human and social capital development (16 per cent of base cost); (ii) sustainable production and natural resources management (12 per cent); (iii) market access and rural business development (35 per cent); (iv) rural roads (28 per cent); and (v) programme coordination and institutional strengthening (9 per cent).

Expenditure categories

18. There are seven expenditure categories: (i) infrastructure (33 per cent of base cost); (ii) vehicles and equipment (2 per cent); (iii) training and dissemination (11 per cent); (iv) service agreements and contracts (6 per cent); (v) co-investment funds (34 per cent); (vi) salaries (11 per cent); and (vii) operating costs (3 per cent).

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. Primary implementing partners include municipalities involved in local/ territorial planning and development promotion; social and economic organizations of the target population, including those offering technical services in the field; community, municipal and departmental development councils, with the direct involvement of target groups; rural microfinance institutions; traditional ethnic authorities and peasant indigenous institutions; and private-sector entities and NGOs participating in specific tasks, such as export promotion and environmental education.

Implementation responsibilities

20. Programme implementation will be performed by a programme coordination unit under the responsibility of FONAPAZ, a development promotion entity of the Presidency, which will provide policy, strategy and management guidance. The programme will engage co-executing entities and specialized technical and other service providers.

Role of technical assistance

21. The development of human and social capital is at the core of the programme. Beneficiaries will acquire the organizational and implementation capacities needed to take full advantage of the programme's resources and opportunities, in the context of day-to-day learning-by-doing. The programme will provide technical support towards this implementation and empowerment approach.

Status of key implementation agreements

22. In addition to the financing agreement, the programme will be governed by the following implementation agreements: (i) operational by-laws of the co-investment funds for market access, natural resource management, and rural financial service innovation; (ii) operational agreements with private entities for export promotion and rural business development and support; and (iii) collaboration agreements with development councils and municipalities.

Key financing partners and amounts committed

23. The total programme cost is US\$40.4 million over six years. The sources of financing are IFAD (45 per cent), OFID (37 per cent), the Government (11 per cent), and beneficiaries (7 per cent). IFAD will make a loan of approximately US\$18.0 million and provide a grant of about US\$450,000; OFID will make a loan of US\$15.0 million; the Government will provide US\$4.3 million; and the beneficiaries will make contributions estimated at US\$2.7 million, to be applied to their productive projects and business consolidation.

H. Benefits and economic and financial justification

Main categories of benefits generated

24. Principal benefits include: (i) transformation of existing subsistence activities into sustainable commercial businesses with access to markets, investment resources and technical assistance; (ii) increased employment and incomes and enhanced food security; (iii) reduced land degradation and environmental vulnerability to natural disasters; (iv) expanded social infrastructure and rural road network; and (v) strengthened planning and sectoral coordination and broader country policy dialogue.

Economic and financial viability

25. Most of the resources will be invested in productive projects, rehabilitated plots, rural businesses and training, for the direct benefit of targeted beneficiaries. A systematic analysis was conducted that took into account the insertion of production units and model microenterprises into value chains (with and without project investments). These income-generating activity models demonstrate that the investments to be funded are profitable. The resulting net present value of the aggregated investments is positive, with an internal rate of return of 25.5 per cent.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

26. The programme calls for the acquisition and dissemination of implementation experience and knowledge management. Training, communication and monitoring and evaluation materials and activities will be made available in printed and digital publications and Internet-based web pages, in both indigenous languages and Spanish according to targeted audiences. Baseline and case studies will be carried out, and institutional links will be established with ongoing IFAD projects and regional programmes. Special emphasis will be placed on exchanging experiences on market access/microenterprise development and on Internet and cellular telephony for price and market monitoring and rural financial services.

Development innovations that the programme will promote

27. The programme introduces the following innovations: (i) a two-pronged strategy that fosters inclusion in development and rural modernization among communities and regions, using intervention approaches geared to their specific levels of development; (ii) a focus on market access and rural business creation; (iii) the strengthening of strategic alliances with socially responsible private sector; and (iv) the promotion of rural and indigenous entrepreneurial associations.

Scaling-up approach

28. The programme's dual intervention strategy and new intervention modalities respond to the wider developmental constraints of other regions in the country. The knowledge gained through programme implementation, e.g. private partnerships for market access, will permit replication and scaling up elsewhere within Guatemala and in other countries of the Central American subregion. South-South cooperation will be fostered.

J. Main risks

Main risks and mitigation measures

29. The programme faces one main risk: loan effectiveness under previous programmes has been hampered by delayed ratification of loans by the National Assembly. The planned mitigation measures include providing information on the programme objectives and scope continuously to key political and decision-making entities.

Environmental classification

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

K. Sustainability

31. The sustainability of the programme's achievements and services will depend mainly on: (i) the capacity of beneficiaries' organizations and economic associations to manage their initiatives and to link effectively with the markets and the public and private sectors; (ii) the institutionalization of participatory municipal planning; and (iii) institutional strengthening and the consolidation of the National Rural Development Programme.

II. Legal instruments and authority

32. A programme financing agreement between the Republic of Guatemala 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 Guatemala 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 Guatemala in various currencies in an amount equivalent to twelve million one hundred thousand special drawing rights (SDR 12,100,000) to mature on or prior to 15 February 2027 and to bear an interest rate equal to the reference interest rate per annum as determined by the Fund annually, 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 Guatemala in various currencies in an amount equivalent to three hundred thousand special drawing rights (SDR 300,000) 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 programme financing agreement

(Negotiations concluded on 24 November 2008)

Pest management practices

1. The Government of the Republic of Guatemala will comply with the International Code of Conduct on the Distribution and Use of Pesticides, as amended from time to time, and ensure that pesticides procured under the programme do not include any pesticides classified as extremely hazardous or highly hazardous by the World Health Organization.

Insurance of programme personnel

2. The Government will insure programme personnel against health and accident risks to the extent consistent with good commercial practice.

Fraud and corruption

3. The Government will promptly bring to the attention of IFAD any allegations or concerns of fraud and/or corruption in relation to the implementation of the programme of which it has knowledge or becomes aware.

Safeguarding of resources

4. The Government will take all reasonable steps to ensure compliance with currently prevailing legal provisions governing the safeguarding of water, forests and wildlife resources in the programme area. Moreover, the Government will make every effort to ensure programme sustainability without harming the environment.

Gender equity

5. The Government will ensure that gender equity is mainstreamed in all activities under the programme.

Counterpart funding

6. The Government's counterpart funding will cover all contributions required under national legislation and all taxes and import duties levied on goods, public works and services acquired under the programme.

Indigenous peoples

7. The Government undertakes to ensure that the indigenous peoples participate in and benefit fully from all programme activities, and that due consideration is given to their interests during programme implementation. To that end, the Government will ensure that:
 - (a) The individual and collective rights of the indigenous peoples who are users of the programme are given due consideration;
 - (b) The indigenous communities who are users of the programme participate in policy dialogue and local governance;
 - (c) The programme does not involve any encroachment upon traditional territories used or occupied by indigenous peoples.

Suspension

8. IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account and the grant account upon the occurrence of any of the events set forth below:
 - (a) IFAD has determined that the material benefits of the programme are not adequately reaching the target group;
 - (b) The Government's right to withdraw funds from the loan account and the grant account has been suspended, waived or rescinded in whole or in part, or the loan has become due and payable prior to the agreed due date, or an event has

occurred which, through notice or with the passage of time, could give rise to one of the aforementioned circumstances;

- (c) The programme operations manual, or any provision thereof, has been suspended, rescinded in whole or in part, waived or otherwise modified without the prior consent of IFAD, and IFAD has determined that such event has had, or is likely to have, a material adverse effect on the programme;
- (d) Procurement and contracting have not been or are not being carried out in accordance with the financing agreement; and
- (e) IFAD has given notice to the Government that credible allegations of corrupt or fraudulent practices in connection with the programme have come to the attention of IFAD, and the Government has failed to take timely and appropriate action to address the matters to the satisfaction of IFAD.

IFAD will suspend the right of the Government to request withdrawals from the loan account and the grant account, in whole or in part, if the audit report or reports have not been concluded satisfactorily within the six months following the date set for this purpose.

Conditions precedent to effectiveness

- 9. The financing agreement will become effective upon the fulfillment of the following conditions precedent:
 - (a) The programme coordinator has been selected with the prior no objection of IFAD;
 - (b) The Government has duly identified, within the special account, the secondary loan account and grant account;
 - (c) The financing agreement has been duly signed, and the signature and performance thereof have been duly authorized and ratified by all necessary administrative and governmental action; and
 - (d) The Government has delivered to IFAD a favourable legal opinion, acceptable in form and substance, issued by the Office of the Attorney General of the Nation.

Key reference documents

Country reference documents

Plan de Gobierno, Plan de la Esperanza 2008-2011, Guatemala 2008

Hacia el Cumplimiento de los Objetivos de Desarrollo del Milenio en Guatemala, II Informe de Avances, Secretaría de Planificación y Programación de la Presidencia, Guatemala, marzo de 2006

Vulnerabilidad de los Municipios y Calidad de Vida de sus Habitantes, Secretaría de Planificación y Programación de la Presidencia, Guatemala, junio de 2008

Encuesta Nacional de Condiciones de Vida (ENCOVI), 2006, Instituto Nacional de Estadística

Informe Nacional de Desarrollo Humano 2005 – Guatemala: Diversidad Étnico-Cultural, Programa de la Naciones Unidas para el Desarrollo

IFAD reference documents

Programme design document (PDD) and key files

Country Strategic Opportunities Programme

IFAD – Rural Finance Policy

IFAD – Rural Microenterprise Policy

IFAD – Targeting Policy

IFAD – Innovation Policy

Logical framework

OBJECTIVE HIERARCHY	KEY PERFORMANCE INDICATORS AND TARGETS	MONITORING MECHANISMS AND INFORMATION SOURCES	ASSUMPTIONS/ (RISKS)
<p>GOAL Poverty and exclusion among the poor rural and indigenous families and communities of Guatemala's Northern Region, are significantly reduced (Departments of Alta and Baja Verapaz, and the municipality of Ixcán, Department of Quiché)</p>	<ul style="list-style-type: none"> Percentage of households that increase their index of household assets ownership (RIMS anchor indicator). Percentage reduction of children malnutrition (RIMS anchor indicator). Human Development Index by municipality and department. 	<ul style="list-style-type: none"> Baseline, midterm and completion surveys. Guatemala's Human Development Report (UNDP). 	
<p>PROJECT PURPOSE (Six-year investment) The rural poor in the Northern Region increase their incomes and employment through better linkage to production chains and greater markets access.</p>	<ul style="list-style-type: none"> 150 rural microenterprises (cooperatives, producer associations, other organised enterprises, agricultural and otherwise), access local, national and/ or external markets; 1 000 new jobs (80% for rural/ indigenous youth), created through newly established, expanded and consolidated rural business and microenterprises. 25 000 direct beneficiary families take part of project's integral development processes and investments – including at least 30% women; 	<ul style="list-style-type: none"> RIMS impact survey implemented at 1st year, before mid-term and before programme completion Mid-term and final evaluations Regular M&E reports 	<p>The Governments agenda for rural development/ poverty reductions maintains its stated high priority.</p>
<p>Output 1: The local organizational and development promotion capacities as well as the planning competency at municipal level are all strengthened, triggering-off an integral community-centred and self-managed development process aimed both at inclusive development and rural modernization.</p>	<p>COMPONENT: HUMAN AND SOCIAL CAPITAL DEVELOPMENT</p> <ul style="list-style-type: none"> 3 000 women (600 heads of household) improve significantly their living conditions; 100 COCODEs, 19 COMUDEs y 50 Elders' Councils improve their capacity to promote community development and access to government and other funds; 300 male youth and 250 rural women, trained to access the labour market. 2 000 rural women reduce their daily household work load; 250 rural women increase their participation in social representation functions/ responsibilities. 	<ul style="list-style-type: none"> Baseline study report Regular M&E reports Mid-term and final evaluations Municipal records/ archives Documents and records of COCODEs/ other organizations 	<p>The resources allocated to the development-triggering investments generate concurrent action by public and private entities operating in the programme area.</p>
<p>Output 2: Sustainable Production Support The sustainable and competitive production capacities of family production units and producer organizations are effectively supported and enhanced.</p> <p>Output 3: Natural Resources Management The beneficiary rural/ indigenous populations take on improved sustainable production and rehabilitation technologies, contributing to reverse deforestation, soil erosion and overall natural resource degradation at farm and municipal levels</p>	<p>COMPONENT: SUSTAINABLE PRODUCTION AND NATURAL RESOURCES MANAGEMENT</p> <ul style="list-style-type: none"> 200 Community promoters/demonstrators, trained to disseminate sustainable production practices; 100 producers (50% women), induced to initiate business plans with market orientation; 200 hectares of family micro-plots and household gardens, supported to increase/diversify production for increased household consumption and local markets. 4 500 clients-beneficiaries (women and men) apply improved natural resources rehabilitation/ conservation practices at farm level; 100 forestry production committees promote reforestation activities and agroforestry systems ; 200 soil conservation promoters (10% women, trained to disseminate these practices at local, community level; 	<ul style="list-style-type: none"> Baseline study report Regular M&E reports Mid-term and final evaluations Municipal records/ archives Documents and records of organizations/ service providers 	<p>Prolonged adverse climatic conditions, i.e., erratic and/ or extended dry season do not harm extensively project results</p> <p>External market conditions foster growth of regional agricultural production</p>
<p>Output 4: Market Access The rural businesses and microenterprises supported by the Programme, establish effective linkages to production/ value chains and competitively access local and external markets.</p>	<p>COMPONENT: ACCESS TO MARKETS AND RURAL BUSINESS DEVELOPMENT</p> <ul style="list-style-type: none"> At least 50 rural businesses (individual or family initiatives), accessing relevant markets with enhanced quality products; 150 rural microenterprises (cooperatives, producer associations, other organised enterprises, agricultural and otherwise), access local, national and/ or external markets; 100 rural businesses and enterprises apply modern tools to research and monitor market prices/ trends. 	<ul style="list-style-type: none"> Baseline study report Regular M&E reports Mid-term and final evaluations Municipal records/ archives Documents and records of organizations/ service providers 	<p>Comparative advantage for export products, maintained.</p>
<p>Output 5: Rural Business and Microenterprise Development Organized producers and rural entrepreneurs develop and strengthen their entrepreneurial and commercial capacities, establishing and modernizing competitive rural businesses and microenterprises (agricultural and otherwise) from a value chain perspective.</p>	<ul style="list-style-type: none"> 100 rural businesses and enterprises (at least 20% women-run) modernize their organization/ corporate structure through enhanced business plans; 50 rural microenterprises, legally constituted and financially consolidated; 1 000 new jobs (80% for rural/ indigenous youth), created through newly established, expanded and consolidated rural business and microenterprises. 	<ul style="list-style-type: none"> Baseline study report Regular M&E reports Mid-term and final evaluations Municipal records/ archives Documents and records of organizations/ service providers 	<p>Comparative advantage for export products, maintained.</p>
<p>Output 6: Rural Financial Services Access to credit and financial services by programme beneficiaries is facilitated for production, transformation, commercialization and export</p>	<ul style="list-style-type: none"> 4 000 clients-beneficiaries (40% women and 10% rural youth) gain access to savings, credit and other services under the Programme; 9 financial-service centres, active from at least five different rural financial service providers; 100 rural businesses/ microenterprises, supported through credit and/ or any other suitable financial service. 	<ul style="list-style-type: none"> Baseline study report Regular M&E reports Mid-term and final evaluations Municipal records/ archives Documents and records of organizations/ service providers 	<p>The country's legal framework, favourable to the establishment/ consolidation of rural microfinancing systems.</p>
<p>Output 7: Market access and social and economic integration of rural and indigenous beneficiaries, enhanced through expanded rural roads and community social infrastructure.</p>	<p>COMPONENT: RURAL ROADS AND SOCIAL INFRASTRUCTURE</p> <ul style="list-style-type: none"> 120 km of rural roads, built in Programme's strategic zones; 100 km of rural roads rehabilitated in Programme's strategic zones; 1 000 households access water through construction of water harvesting and storage devices; 1 000 households improve living and health conditions through firewood-saving stoves; 	<ul style="list-style-type: none"> Baseline study report Regular M&E reports Mid-term and final evaluations Municipal records/ archives Documents and records of organizations/ service providers 	<p>Incentive system established for municipalities and rural/ indigenous communities' participation in rural roads programme.</p>
<p>Output 8: The planning and rural development promotion capacities at municipal and departmental levels are strengthened and consolidated.</p>	<p>COMPONENT: PROGRAMME MANAGEMENT AND INSTITUTIONAL STRENGTHENING</p> <ul style="list-style-type: none"> 19 municipalities enhance their rural development planning, monitoring and evaluation capacities; The interinstitutional rural development round table, established and functioning. 	<ul style="list-style-type: none"> Baseline study report Regular M&E reports Mid-term and final evaluations Social audit reports Minutes of rural development round table meetings 	<p>Incentive system established for concurrent action by public, private and civil society entities operating in the programme area.</p>

