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Enabling poor rural people
to overcome poverty

**President's report on a proposed grant
under the global/regional grants
window to a CGIAR-supported
international centre**

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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Contents

Abbreviations and acronyms	ii
Recommendation for approval	iii
Part I – Introduction	1
Part II – Recommendation	2
Annex	
Improving Sustainability of Impacts of Agricultural Water Management Interventions in Challenging Contexts	3
Appendix	
Results-based logical framework	

Abbreviations and acronyms

AWM	agricultural water management
BMGF	Bill & Melinda Gates Foundation
BMZ	German Federal Ministry for Economic Cooperation and Development
COSOP	country strategic opportunities programme
IWMI	International Water Management Institute
RB-COSOP	results-based country strategic opportunities programme

Recommendation for approval

The Executive Board is invited to approve the recommendation for a grant under the global/regional grants window to a CGIAR-supported international centre as contained in paragraph 7.

President's report on proposed grant under the global/regional grants window to a CGIAR-supported international centre

I submit the following report and recommendation on a proposed grant for agricultural research and training to a Consultative Group on International Agricultural Research (CGIAR)-supported international centre in the amount of US\$1.2 million.

Part I – Introduction

1. This report recommends the provision of IFAD support to the research and training programme of the following CGIAR-supported international centre: the International Water Management Institute (IWMI).
2. The document of the grant for approval by the Executive Board is contained in the annex to this report:

Improving Sustainability of Impacts of Agricultural Water Management Interventions in Challenging Contexts
3. The objectives and content of this applied research programme is in line with the evolving strategic objectives of IFAD and the policy and criteria of IFAD's grant programme.
4. The overarching strategic objectives that drive the IFAD Policy for Grant Financing, which was approved by the Executive Board in December 2003, are:
 - (a) Promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and/or
 - (b) Building pro-poor capacities of partner institutions, including community-based organizations and NGOs.
5. Deriving from these objectives and those of the IFAD Strategic Framework 2007-2010, the specific aims of IFAD's grant support relate to: (a) the Fund's target groups and their household food-security strategies, with particular reference to groups in remote and marginalized agroecological areas; (b) technologies that build on traditional local/indigenous knowledge systems, are gender-responsive, and enhance and diversify the productive potential of resource-poor farming systems by improving on- and off-farm productivity and by addressing production bottlenecks; (c) access to productive assets (land and water, a broad range of rural financial services, labour and technology); (d) the sustainable and productive management of natural resources, including sustainable utilization and conservation of such resources; (e) a policy framework at both the local and the national level that provides the rural poor with a conducive incentive structure to improve their productivity and reduce their dependence on transfers; (f) access to transparent and competitive input/product markets and making these work for the poor primary producers involved in remunerative small and medium-sized enterprises and value chains; and (g) an institutional framework within which institutions – formal and informal, public- and private-sector, local and national alike – can provide services to the economically vulnerable, according to their comparative advantage. Within this framework, IFAD's grant financing supports commodity-based approaches for self-targeting among the rural poor. Finally, IFAD's grant programme fosters the establishment and strengthening of networks for pro-poor knowledge generation and exchange, which in turn enhances the Fund's own capacity to establish long-term strategic linkages with its development partners and to multiply the effect of its grant-financed research and capacity-building programmes.

6. The grant proposed in this document responds primarily to the foregoing strategic objectives: (c), (d), (e) and (g) inasmuch as it addresses the need for improved access to water resources, and sustainable utilization of natural resources. It directly addresses the need for understanding local and national policy and institutional frameworks to improve productivity. Water, particularly access to and management of agricultural water for productive purposes, forms a significant portion of, and is firmly embedded into, IFAD's overall programme for rural development and poverty alleviation. IFAD and the Food and Agriculture Organization of the United Nations recently produced the publication "Water and the Rural Poor: Interventions for improving livelihoods in sub-Saharan Africa." This publication lays out the rationale for poverty alleviation through agricultural development, particularly in sub-Saharan Africa, and focuses on water management because: (i) water plays a central role in agriculture-based rural livelihoods; (ii) adequate availability and reliable access to water is frequently a constraint on production; and (iii) water provides a focal point around which other interventions can be organized. The report emphasizes the need for approaches in investment and intervention that are context-specific. This project follows from this thinking and will provide needed guidance with regard to context specificity in challenging environments. Moreover, the project will address the need for research-backed guidance to implement IFAD's present and future support for improved use of land and water resources to improve the livelihoods of poor rural households. Thus the grant also responds to strategic objectives (a) and (b) inasmuch as it targets the rural poor by improving their productive potential.

Part II – Recommendation

7. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the project for Improving Sustainability of Impacts of Agricultural Water Management Interventions in Challenging Contexts, shall make a grant not exceeding one million two hundred thousand United States dollars (US\$1,200,000) to the International Water Management Institute for a three-year project upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Lennart Båge
President

Improving Sustainability of Impacts of Agricultural Water Management Interventions in Challenging Contexts

I. Background

1. This project addresses a well articulated need for greater context specificity to be brought to project design, implementation and management in order to increase the effectiveness of rural poverty reduction interventions by IFAD and other investors. This is especially true in challenging contexts in which weak and disrupted states (“fragile situations”), recent decentralization, extreme microclimate variability exacerbated by climate change and/or land degradation limit the impact and sustainability of development investments. The goal of the project is to enhance the livelihoods of poor rural farming communities in challenging contexts through improved knowledge of agricultural water management (AWM). Its purpose is to support development programmes, particularly IFAD country programmes, to enhance their effectiveness and success in improving the livelihoods of poor rural households in challenging contexts. The project will do so by combining results from earlier studies and new thinking within IFAD regarding innovative approaches to dealing with complexity in AWM,¹ with concrete case studies in challenging environments to come up with new management response capacities for these contexts. Methods developed and used will include new frameworks for assessing institutional contexts and constraints and opportunities for AWM. IFAD and other investor projects will provide the case studies. The premise is that it is necessary to assess the challenges of the existing national and local context, and to understand the likely direction of change, when designing investment programmes. This project will complement and draw on two other IWMI-led projects evaluating AWM interventions in different settings and scenarios in sub-Saharan Africa and Asia, and add the additional component of analysis of challenging contexts. Results will include context-specific guidance with validated typology and country studies, evidence of promising public and private investment opportunities, key knowledge and timely support to IFAD programmes, and support for informed investment decision-making on AWM interventions. Impact will be achieved through interaction with IFAD in the form of consultation and participation in project design and implementation leading to input to IFAD country programme processes such as the country strategic opportunities programmes (COSOPs), mid-term reviews and country portfolio evaluations.

II. Rationale and relevance to IFAD

2. This project will address the need for research-backed guidance to implement IFAD’s present and future support for better use of land and water resources to improve the livelihoods of poor rural households. A better understanding of possible reasons why (or why not) sustainable benefits are achieved is necessary. Solutions are often transplanted and are not tailored to the particular site-specific context. The institutional and socio-economic context in many countries can change rapidly with the “new rurality”² and changing socio-political situations.
3. Hence the project will contribute to mainstreaming **IFAD’s strategic framework** and objectives into national and international research agendas and to broker knowledge of such research back to selected national and international financing institution decision-makers. The project is supporting IFAD’s first strategic

¹ This complexity entails considering water use by farmer or households for other uses (livestock, domestic and agro-processing). Where applicable, AWM may hence evolve into “rural water management”. In this context, IWMI emphasized in its Strategic Plan 2009-2013 the need to analyse and promote “multiple use systems”.

² The New Rurality, Theo Rauch, 2008 (edited by Cleveringa, Kay), article on InnoWat: Learning and Innovations, Water and the Rural Poor, 2008, IFAD (forthcoming).

objective, which places emphasis on improved natural resource management and conservation practices, especially secure access to land and water; and the second strategic objective, which focuses on improved agricultural technologies and effective production services. These two are relevant for all IFAD operations; however, in challenging contexts as in fragile situations, both require specific approaches in order to achieve sustainable impacts.

4. The proposed project fully supports all IFAD principles of engagement. The project is pro-poor; aims to enhance the capacities of both policymakers and local farmer communities to take informed decisions and optimize the sustainable, positive impacts of locally appropriate water management technology and service interventions and investments; and will be carried out in partnership with local, national and international partners.

III. The proposed project

5. The overall goal of the project is to contribute to enhanced livelihoods of poor rural farming communities in challenging contexts through improved knowledge on AWM. This will be achieved by improving the sustainability of impacts of AWM interventions.
6. The project will be of a three-year duration and will comprise five components and 12 activities. The main five components are as follows:
 - Component 1: Site selection and impact pathways
 - Component 2: Contextual analysis using the strategic institutional positioning (SIP) framework
 - Component 3: Analysis of AWM case studies using the rapid participatory opportunity and constraint analysis (RPOCA) framework
 - Component 4: Development of guidelines
 - Component 5: Support investment decisions
7. The geographic coverage of the project focuses on Africa and Asia, where up to five countries will be selected for field work (Bangladesh, Burkina Faso, Ethiopia, Ghana, Nepal, Sri Lanka, The Sudan, United Republic of Tanzania, Yemen). For brief country profiles, refer to annex II of the full design document.

IV. Expected outputs and benefits

8. Ultimately the target group is smallholder farmers, who will benefit from improved programme design and implementation of AWM interventions by IFAD and other programmes providing development assistance.
9. Immediate target groups are the international water development and investment community, decision-makers in selected countries and regions, and programme management staff of international financing institutions (World Bank, African Development Bank, IFAD, Asian Development Bank), who will benefit through improved impact of their projects.
10. Project outputs will include:
 - (a) **Contextual analysis:** Framework for analysis of challenging contexts.
 - Validated typology and analytical framework for challenging contexts (journal article)
 - Contextual analysis of case study sites, which examines the issues of development, poverty reduction and governance in challenging contexts, and then looks at AWM within these frameworks (case study reports, journal article)

- (b) **Analysis of AWM case studies:** Evidence of promising public and private investments opportunities for AWM-led accelerated food security and poverty reduction.
 - Case studies of successful interventions and outcomes/impacts (case study and synthesis report)
 - (c) **Development of guidelines:** Context-specific guidance on agricultural water interventions in challenging contexts.
 - Briefs on promising AWM interventions and required conditions (briefs)
 - Validated guidelines for assessment of risks/benefits of AWM interventions in challenging contexts (including journal article)
 - (d) **Support investment decisions:** Support informed investment decision-making and portfolio management of IFAD partners/operations on AWM issues.
 - Possible investment scenarios for different contexts with expected pro-poor cost-benefits, outcomes and impacts
 - Mid-term reviews and completion reports with stronger AWM focus
 - RB-COSOP with stronger AWM focus
11. These outputs will be disseminated through appropriate local and international forums (knowledge exchange, policy dialogue); documentation will be through web-based and/or technical briefing notes targeted to programme implementers. Publications are foreseen in the IWMI series or other refereed publications on which the technical briefing notes will be based. Joint publications with IFAD and other international financing institution partners are an option. Synergy effects between the project and the IWMI Strategic Plan 2009-2013 should come about as findings are incorporated into the implementation of the latter.

Project impacts are envisioned as follows:

- Context specificity: SIP framework and RPOCA methodologies for AWM interventions applied and used to foster increased success of AWM initiatives for poverty alleviation.
- Operational guidelines for relevant AWM interventions to secure access to land and water for different challenging contexts acknowledged by decision-makers.
- Increased donor and government interest in AWM interventions through development of indicative evidence-based investment and management plans made available in selected countries for public and private investments, e.g. in poverty reduction strategy papers.
- IFAD's AWM investment programmes improved with accelerated poverty reduction effects in selected countries through the adoption of context-specific guidelines.
- Capacities of IFAD and other stakeholders, including donors, strengthened to make informed investment decisions on appropriate AWM interventions.

12. It is anticipated that these impacts will be achieved through the direct influence the project will have on its boundary partners, as outlined below:
- (a) **Policymakers** with increased validated awareness to refine state and national policies to foster the adoption and sustainability of AWM innovations by women and men farmers (e.g. land tenure, access to cash/credit, pricing and import/export policies, infrastructure planning and management institutions).
- Measurable outcome: Project's policy dialogues and country reports referred to in policy action plans at state and/or national level that prioritize AWM interventions for smallholders following the guidelines developed by this project.
 - Measurable outcome: The project's overall findings and outputs will be adopted and disseminated by key regional AWM partners such as Improved Management of Agricultural Water in Eastern and Southern Africa (IMAWESA), with a policy, research and NGO network covering 23 countries in East and Southern Africa (including Ethiopia, Kenya, United Republic of Tanzania and Zambia).
- (b) **Donors and national governments** express explicit interest in adopting pro-poor, gender-equitable AWM investments tailored to the specific contexts and settings of each location.
- Measurable outcome: More interest from donors and governments in investing in AWM (e.g. leverage effects in the World Bank's Initiative for Agricultural Water in Africa – AgWA).
 - Measurable outcome: Project's investment guidelines, strategies and supporting models are used by the IFAD and other key investors (e.g. BMGF, with which IWMI has a complementary project on AWM investments, African Development Bank, Asian Development Bank, World Bank) in designing, implementing and monitoring future AWM programmes.

V. Implementation arrangements

13. The project will be managed by IWMI and establish a multidisciplinary project team, involving researchers in its regional offices in Africa and Asia and at its Sri Lanka headquarters. The project will be led by an IWMI project leader, who will work closely with IFAD in project design and tailoring outputs to meet stakeholder needs. IWMI will work with national and regional research and established knowledge network partners – such as IMAWESA and FIDAFRIQUE and other, non-IFAD powered networks such as the Comprehensive Assessment of Water Management in Agriculture and CGIAR Challenge Program on Water and Food – from the various countries to undertake field work, develop case study reports, and distill and discuss project findings with end-users.

VI. Indicative project costs and financing

14. The proposed project will be implemented over the period of three years with a total project cost of US\$2,200,000. The project would be financed mainly by IFAD (US\$1.2 million) with matching contributions. Matching funds in support of the project and its outputs will be provided by the German Federal Ministry for Economic Cooperation and Development (BMZ) (US\$360,000) and the Gates Foundation (US\$640,000, proposal at final stage of negotiation).
15. Financial management and reporting adhere to the CGIAR guidelines, and IWMI has in place a system that ensures sound accountability and transparency. Furthermore, IWMI uses the world-renowned (web-based) SAP ERP financial management system. Details are included in the full design document.

Summary of budget and financing plan
(United States dollars)

<i>Number</i>	<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing^a BMZ IWMI</i>	<i>Cofinancing BMGF IWMI^b</i>
1	Personnel (including subcontractors)	340 000	200 000	400 000
2	Professional services	220 400	-	-
3	Travel costs	50 000	25 000	40 000
4	Operational costs, reporting and publications	130 000	55 000	75 000
5	Training/capacity-building	300 000	25 000	30 000
6	Administration and overhead	159 600	55 000	95 000
	Total	1 200 000	360 000	640 000

^a Matching contributions are secured through IWMI's BMZ funded project: *Re-thinking Water Storage for Climate Change Adaptation in sub-Saharan Africa* (three-year project which commenced in April 2008) cofinancing US\$360,000 and BMGF, cofinancing US\$640,000.

^b The BMGF grant is in its final stages of negotiation and IWMI management expects that these negotiations will soon be successfully completed. However, if funds are not forthcoming, IWMI will ensure use of core funding from currently available sources (European Union and others) to fill the gap. In such an event, IWMI will have to consult IFAD on the extent of knowledge and experiences made available as originally envisaged through the BMGF-funded programme, and the depth of the analysis.

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	To enhance the livelihoods of poor rural farming communities in challenging contexts through improved knowledge on agricultural water management (AWM).	<ol style="list-style-type: none"> 1. Increased farm incomes 2. Better access to and usage of water and land resources 	Secondary data	
Objectives	<ol style="list-style-type: none"> 1. Operational methods made available to others 2. Operational guidelines acknowledged 3. Indicative investment plans for public and private investments 4. Improved IFAD AWM investment programmes 5. Capacities of IFAD and other stakeholders strengthened 	<ol style="list-style-type: none"> a. Investors, decision-makers and programme implementers have the knowledge to identify and implement appropriate water interventions for poverty alleviation b. A set of guidelines (and related technical notes and publications) for design and implementation of water interventions. 	<ol style="list-style-type: none"> 1. Policy roundtable statements and declarations. 2. Methodologies 3. Guidelines 	Socio-economic and natural contexts remain stable - relevant during project duration and resultant policy formulation and implementation phases
Outputs	<ol style="list-style-type: none"> 1. Framework for analysis of challenging contexts 2. Evidence of promising public and private investment opportunities 3. Context-specific guidance on AWM in challenging contexts 4. Support for informed investment decision-making and portfolio management on AWM interventions 	<ol style="list-style-type: none"> 1. Journal articles on typology and framework for AWM in challenging contexts 2. Contextual analysis of case study sites published 3. AWM case studies published 4. AWM intervention briefs 5. Validated guidelines for AWM in challenging contexts 6. Pro-poor AWM investment scenarios 7. Mid-term reviews, completion reports, and COSOPs with AWM focus 8. RB-COSOPs with AWM focus 9. AWM tools, publication and policy briefs 	<ol style="list-style-type: none"> 1. Guidelines/technical notes 2. Project reports 3. Case study and workshop reports 4. Investment scenarios 5. Joint evaluation report 6. Publications 	<ol style="list-style-type: none"> 1. Participation of IFAD and IFAD country teams in project implementation to ensure relevance of study sites and AWM interventions. 2. NARES and farmer community participation is essential for effective project implementation and future uptake of project findings 3. Socio-economic and natural contexts remain stable during project duration
Key Activities	<ol style="list-style-type: none"> 1. Site selection and impact pathways 2. Contextual analysis using SIP 3. Analysis of AWM case studies using RPOCA framework 4. Development of guidelines 5. Support investment decisions 	<ol style="list-style-type: none"> 1. Research personnel time 2. Data collectors 3. Results from IWMI's ongoing projects funded by BMGF and BMZ 4. Meetings (with Country Programme Managers, stakeholders and boundary partners) 5. Involvement in COSOPs and MTRs 6. Workshops 7. Logistical feasibility 	<ol style="list-style-type: none"> 1. Sites selected 2. Assessment reports 3. Synthesis results in technical briefs and publications 4. Farmers' group meetings held 5. Roundtables with IFAD and national governments held 6. Country reports, IFAD documents 	<ol style="list-style-type: none"> 1. IWMI and IFAD work out a set of 5 countries, feasible field and case study sites for the project 2. Participation, involvement and buy-in of crucial stakeholders and end-user groups in discussions on research conclusions and investment guidelines 3. Successful conclusion of IWMI's ongoing BMGF and BMZ funded projects in Africa