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Enabling poor rural people  
to overcome poverty

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

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

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For: **Approval**

## **Note to Executive Board Directors**

This document is submitted for approval by the Executive Board.

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

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## Abbreviations and acronyms

AFRACA	African Rural and Agricultural Credit Association
AgriCord	alliance of agri-agencies
CGIAR	Consultative Group on International Agricultural Research
CIMMYT	International Maize and Wheat Improvement Center
CIRAD	Agricultural Research for Developing Countries <i>(Centre de coopération internationale en recherche agronomique pour le développement)</i>
CIRDES	International Centre for Research Development on Livestock in the Sub-humid Zones <i>(Centre International de Recherche-Développement sur l'Élevage en zone Subhumide)</i>
ECART	European Consortium for Agricultural Research in the Tropics
ESFIM	Empowering Smallholder Farmers in Markets
FAO	Food and Agriculture Organization of the United Nations
GIS	geographic information systems
ICARDA	International Center for Agricultural Research in the Dry Areas
ICIPE	International Centre of Insect Physiology and Ecology
IFAP	International Federation of Agricultural Producers
IOC	Indian Ocean Commission
KGT	Kenya Gatsby Trust
NARES	national agricultural research and extension system(s)
NARS	national agricultural research systems
PAAT	Programme Against African Trypanosomiasis
PATTEC	Pan African Tsetse and Trypanosomiasis Eradication Campaign
PSC	programme steering committee

## **Recommendation for approval**

The Executive Board is invited to approve the recommendations for grants under the global/regional grants window to non-CGIAR-supported international centres as contained in paragraph 12.



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

I submit the following report and recommendation on five proposed grants for agricultural research and training to non-Consultative Group on International Agricultural Research (CGIAR)-supported international centres in the amount of US\$6.05 million. In addition, I submit a recommendation to change the recipient of a grant that was approved by the Executive Board in September 2008.

### **Part I – Introduction**

1. This report recommends the provision of IFAD support to the research and training programmes of the following non-CGIAR-supported international centres: Food and Agriculture Organization of the United Nations (FAO), International Federation of Agricultural Producers (IFAP), Indian Ocean Commission (IOC), and PhytoTrade Africa.
2. The documents of the grants for approval by the Executive Board are contained in the annexes to this report:
  - (i) Food and Agriculture Organization of the United Nations (FAO): Development of Innovative Site-specific Integrated Animal Health Packages for the Rural Poor
  - (ii) Food and Agriculture Organization of the United Nations (FAO): Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource-poor Farmers through Monitoring and Early Warning
  - (iii) International Federation of Agricultural Producers (IFAP): Empowering Smallholder Farmers in Markets (ESFIM)
  - (iv) Indian Ocean Commission (IOC): Regional Initiative for Smallholder Agriculture Adaptation to Climate Change in the Indian Ocean Islands
  - (v) PhytoTrade Africa: Support to PhytoTrade Africa 2009-2010 – The Southern African Natural Products Trade Association.
  - (vi) African Rural and Agricultural Credit Association: Rural Finance Knowledge Management Partnership – Phase II.
3. The objectives and content of these applied research programmes are in line with the evolving strategic objectives of IFAD and the policy and criteria of IFAD's grant programme.
4. The overarching strategic objectives that drive the IFAD Policy for Grant Financing, are:
  - (i) Promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and/or
  - (ii) 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 grants proposed in this document respond to the foregoing strategic objectives.
7. The FAO programme for the Development of Innovative Site-specific Integrated Animal Health Packages for the Rural Poor responds to (a), (b) and (e) inasmuch as it will increase smallholders' knowledge of and skills in managing and controlling major disease risk problems, improve their livestock productivity as an effective poverty reduction measure, increase food security and reduce the vulnerability of poor rural communities. Its innovative approach to developing locally adapted holistic animal health packages, and the public- and private-sector partnership and human resource development actions it will promote are further tools to support the sustainability of its components.
8. The FAO programme for Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource-poor Farmers through Monitoring and Early Warning responds to (a) by contributing to the protection of wheat production; (b) by providing access to rust-resistant varieties of wheat; (d) by supporting traditional wheat germ plasm that will be protected and used in plant breeding programmes as a source of rust resistance; and (g) by establishing a network of organizations and individuals, including farmers, through monitoring and early warning systems to combat wheat rust.
9. The IFAP programme for Empowering Smallholder Farmers in Markets responds to strategic objectives (e), (f) and (g) as its main objective is to strengthen the capacity of farmers' organizations to contribute to policy and institutional initiatives that will enhance smallholder farmers' participation in agricultural markets. It will develop lobbying agenda to advocate policies that improve smallholder farmers' access to markets and advance propositions for changes in key elements of the institutional environment.
10. The IOC Regional Initiative for Smallholder Agriculture Adaptation to Climate Change in the India Ocean Islands addresses several areas that are at the core of the Strategic Framework. These include strengthening relevant regional networks, providing technical training in conservation agriculture and processing techniques, and setting the framework for policy dialogue – all with a view to building stakeholder capacities to tackle the adverse effects of climate change.
11. PhytoTrade Africa's work supports the strategic objectives of the grant policy by (a) creating an innovative institutional architecture (i.e. a private-sector trade association with a pro-poor objective) to link the rural poor to markets; (b) facilitating partnerships between the rural poor and the private sector, and thus empowering the poor to engage in market processes; and (c) empowering and capacitating the rural poor by commercializing natural products that inherently favour small-scale rural harvesters over large-scale commercial growers.



## Part II – Recommendation

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

RESOLVED: that the Fund, in order to finance, in part, the Development of Innovative Site-specific Integrated Animal Health Packages for the Rural Poor, shall make a grant not exceeding one million six hundred thousand United States dollars (US\$1,600,000) to the Food and Agriculture Organization of the United Nations/Programme Against African Trypanosomiasis for a four-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource-poor Farmers through Monitoring and Early Warning, shall make a grant not exceeding one million five hundred thousand United States dollars (US\$1,500,000) to the Food and Agriculture Organization of the United Nations for a three-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Empowering Smallholder Farmers in Markets (ESFIM), shall make a grant not exceeding one million United States dollars (US\$1,000,000) to the International Federation of Agricultural Producers for a three-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Regional Initiative for Smallholder Agriculture Adaptation to Climate Change in the Indian Ocean Islands, shall make a grant not exceeding seven hundred fifty thousand United States dollars (US\$750,000) to the Indian Ocean Commission for a three-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Support to PhytoTrade Africa 2009-2010 – The Southern African Natural Products Trade Association, shall make a grant not exceeding one million two hundred thousand United States dollars (US\$1,200,000) to PhytoTrade Africa for a two-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the recipient of the grant approved by the Executive Board at its ninety-fourth session in September 2008 in order to finance, in part, the Rural Finance Knowledge Management Partnership – Phase II, shall be changed from Kenya Gatsby Trust (KGT) to the African Rural and Agricultural Credit Association (AFRACA).

Lennart Båge  
President

# **Development of Innovative Site-specific Integrated Animal Health Packages for the Rural Poor**

## **I. Background**

1. Livestock contribute to the livelihoods of roughly 70 per cent of the world's poor, supporting farmers, consumers, traders and labourers throughout the developing world. The increasing demand for livestock products for the growing populations of developing countries, particularly in Africa, offers new market opportunities for poor farmers in rural areas (70 per cent of the rural poor rely on livestock agriculture for their livelihoods). Success in raising small-farmer productivity leads to improvements in household food security, nutrition and income, leading to poverty reduction. However, in vast areas of sub-Saharan Africa, increased and sustained animal production by small farmers is greatly hampered by livestock diseases.

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

2. Animal diseases severely constrain livestock enterprises of smallholder livestock keepers in sub-Saharan Africa but are not given the attention they deserve by the global community. Important diseases affecting livestock productivity include tick-borne diseases, tsetse-transmitted trypanosomiasis, gastrointestinal parasitism and diseases caused by biting insects (mosquitoes). The consequences of these diseases range from US\$3 billion losses for gastrointestinal parasitism, about US\$4.5 billion for trypanosomiasis, to US\$20 billion for tick-borne diseases worldwide annually.
3. Seven countries in two African regions have been selected by the programme: in West Africa, Burkina Faso and Ghana; and in East Africa, Burundi, Eritrea, Ethiopia, Kenya and Rwanda. Criteria and guiding principles used for prioritizing these countries in the context of sustainable agriculture and rural development are (a) severity of the impact of livestock diseases; (b) need for intervention driven by local communities and national governments; (c) opportunities to reduce poverty linked to livestock diseases and increase food security; (d) expected socio-economic returns; and (e) potential sustainability. Another guiding principle has been the linkages with ongoing IFAD-funded programmes likely to benefit from the grant.
4. Capacity-building is an integral part of the proposed programme. The programme will enhance farmers' and farmers' associations' ability to manage and control livestock diseases, which will lead to improved livestock productivity, better nutritional levels among rural households, and increased opportunities for market access. The promotion of the public- and private-sector partnerships and human resource development activities foreseen are further elements to support the sustainability of programme activities.
5. Lack of synergetic work, inadequate technologies for the prevalent production systems, insufficient attention to local community requirements and potentials, lack of proper guidelines and the limited capacity of livestock keepers to deliver and implement animal health and production packages continue to hamper livestock production, improved household food security and income generation. The IFAD grant will (i) provide resources to develop locally adapted animal health packages addressing diseases with the highest economic impact, promoting better animal nutrition and targeting diverse livestock production systems for improved livelihoods; (ii) support the development of new guidelines for investment in innovative technologies and strategies for controlling and reducing the disease burden, and optimizing these for adoption by all stakeholders; (iii) enhance the capacity of communities, national agricultural research and extension systems (NARES) and veterinary services in technology application, evaluation and delivery mechanisms; (iv) provide needed capacity-building support to the countries involved in the African Union's Pan African Tsetse and Trypanosomiasis Eradication Campaign

(PATTEC) initiative; and (v) catalyse other donor support for scaling up the development of such comprehensive animal health packages for wider dissemination in different production systems. The grant's primary beneficiaries will be poor rural smallholders and livestock keepers (including women), farmers' organizations, research and extension service providers in IFAD-funded projects, NARES and NGOs. In addition, as part of the implementation strategy, grant activities, outcomes and outputs will be shared with IFAD partners at regional level through the IFAD-supported FIDAFRIQUE network.

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

6. The programme's overall goal is to develop holistic animal health packages for managing and controlling animal disease constraints/risks in order to improve livestock production, provide greater opportunities for rural development, improve food security and reduce poverty.
7. The four-year programme will comprise six main components:
  - (i) Development, in partnership with direct beneficiaries (e.g. farmers, farmers' associations, NARES), of holistic site-specific packages for reducing the disease burden, increasing food security and reducing poverty;
  - (ii) Enhancement of the capacity of farmers, farmers' association and NARES to formulate, deliver and implement animal health and production packages, according to the different production systems and agroecological zones;
  - (iii) Establishment of strategic links and partnerships with IFAD-supported programmes dealing with livestock agriculture and rural development in order to enhance impact of their activities;
  - (iv) Creation of networks for institutional strengthening (including public-private collaboration), increased local ownership of programme products, exchange and dissemination of information, and feedback for follow-up and influencing policy;
  - (v) Assessment of existing technologies and strategies for the control of vector and vector-borne diseases and other animal diseases in order to develop and refine guidelines for future investments; and
  - (vi) Sustained international and intersectoral collaboration through the establishment of linkages with IFAD-funded programmes and networking for institutional strengthening.

### **IV. Expected outputs and benefits**

8. The following outputs and benefits are expected:
  - (i) Holistic site-specific animal health packages developed, tested and evaluated in a participatory way in selected country areas, different production systems and agroecological zones for adoption and wider dissemination;
  - (ii) Capacity of primary beneficiaries (farmers, livestock owner associations, women and other disadvantaged groups) and NARES strengthened for the implementation and sustainable application of innovative, prototype animal health packages;
  - (iii) Capacity of countries involved in the PATTEC initiative enhanced for improved implementation of its objectives;

- (iv) Effective linkages and synergy established with IFAD-funded rural development programmes in West and East Africa, and animal health, livestock productivity and impact improved in target areas;
  - (v) A network of programme stakeholders created to empower the poor to participate in policy decision-making processes;
  - (vi) Local ownership of programme outcomes by farmers and NARES; and
  - (vii) New guidelines developed to assist IFAD with future investments.
9. The above will lead to the following expected benefits:
- (i) Better control of animal disease constraints/risks, with positive impact on livestock health and productivity, thereby providing increased opportunities for rural development, improving food security and reducing poverty;
  - (ii) Significantly enhanced impact of IFAD-funded programmes thanks to synergy with the programme;
  - (iii) Enhancement and diversification of the productive potential of resource-poor farming systems in different livestock systems to the direct benefit of pastoralists, dairy and smallholder livestock farmers, including higher livestock productivity in post-conflict areas (e.g. Eritrea);
  - (iv) New policy options/framework that will provide the rural poor with incentives to reach higher levels of productivity; and
  - (v) Capacity-building of over 1,000 primary beneficiaries, NARES and staff of IFAD-funded programmes, together with the participatory and gender-sensitive approaches used in the programme, will ensure ownership of the outcomes and facilitate scaling out to other regions and scaling up with the private sector.

## **V. Implementation arrangements**

10. The grant will be implemented and coordinated by FAO on behalf of the PAAT Secretariat. Programme-level implementation will be undertaken by partner institutions (PATTEC, International Centre for Research Development on Livestock in the Sub-humid Zones (CIRDES) in West Africa, International Centre of Insect Physiology and Ecology (ICIPE) in East Africa) ensuring the participation of rural poor people and other stakeholders for best technology impact, and facilitating the involvement of the staff of IFAD-funded programmes in the regions. ICIPE and CIRDES are established research organizations in Africa with considerable experience in developing technologies for integrated disease and vector control in the region. The programme coordinator will be based at ICIPE. Strategic linkages and collaboration will be established with select IFAD-funded programmes. In the early phase of implementation, activities will focus on diseases with high economic impact. Key policy issues will be identified to provide support to, and create a conducive policy environment for, technical actions. Stakeholder roles and responsibilities will be assigned following the principles of comparative advantages and complementarity. Training programmes will address previously identified skill gaps/needs. Local, national and regional training activities, together with regular technical backstopping/follow-up (provided by FAO regular assistance to member states) through consultancies, workshops and technical meetings, will constitute important elements of sustainability and of the exit strategy.
11. PAAT will organize an annual programme steering committee (PSC) to review results and review/approve annual workplans and budgets. The PSC will consist of PAAT members; the programme coordinator; IFAD representatives from the Technical Advisory Division, Western and Central Africa Division and Eastern and Southern Africa Division; and, by invitation, managers of relevant IFAD-funded programmes.

Annual meetings of the PAAT Programme Committee and the PAAT advisory group coordinators will serve as technical forums for programme evaluation, ensuring the quality control of results. IFAD is a member of the PAAT Programme Committee, which will be used for annual planning and review of these grant activities.

12. FAO, in collaboration with the programme coordinator at ICIPE – and working closely with CIRDES, PATTEC and the monitoring and evaluation units within participating IFAD-funded programmes – will develop and implement a participatory and impact-oriented monitoring system, which will include feedback from programme staff and stakeholders. Case studies, data and results will be documented. Scientific and technical reports, including publications, will be produced and made available in electronic and/or hard copy format to IFAD and partner institutions. Case studies, reports and knowledge generated will be collated and harmonized for publication of Technical Advisory Notes, shared and disseminated through FIDAFRIQUE, in order to enhance public awareness and advocacy.
13. FAO, as the grant recipient, will be responsible for annual technical and financial reporting. The PAAT information system, which includes a website,<sup>1</sup> information bulletins and technical and scientific papers, is an international platform and important source of information for IFAD-supported programmes. Annual workplans will be developed by the programme management unit in close collaboration with staff of selected IFAD-funded programmes and other stakeholders. Workplans will specify time-bound indicators to measure programme progress. Workplans, budgets, and a comprehensive implementation progress report will be submitted to the PSC for interim approval prior to submission to IFAD for final approval. A final report will be submitted to IFAD three months after programme completion.

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

14. The total programme cost is estimated at US\$3.6 million. IFAD will provide US\$1.6 million. Other cofinancing partners (Japan/United Nations Trust Fund, World Health Organization, International Atomic Energy Agency, International Federation for Animal Health, ICIPE and CIRDES) will provide additional cofinancing of approximately US\$2.0 million (see table below). The FAO/PAAT cofinancing partners, including ICIPE, CIRDES, PATTEC and the private sector (International Federation for Animal Health) have made a long-term commitment to the programme, ensuring continuity and sustainability of activities.

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<sup>1</sup> <http://www.fao.org/ag/againfo/programmes/en/paat/home.html>

**Summary of budget and financing plan**

(United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing<sup>a</sup></i>
1. Professional staff	220 000 <sup>b</sup>	180 000
2. Consultants	80 000	420 000
3. Contracts <sup>c</sup>	680 000	185 000
4. Travel	85 000	150 000
5. Training	260 000	180 000
6. Equipment	70 000	650 000
7. Technical support services	20 000	35 000
<b>Subtotal</b>	<b>1 415 000</b>	<b>1 800 000</b>
Support costs	185 000	234 000
<b>Total</b>	<b>1 600 000</b>	<b>2 034 000</b>
<b>Grand total</b>		<b>3 634 000</b>

<sup>a</sup> Japan /United Nations Trust Fund US\$1,712,000; World Health Organization US\$62,000; International Atomic Energy Agency US\$80,000; private sector (International Federation for Animal Health) US\$80,000; ICIPE US\$50,000; and CIRDES US\$50,000.

<sup>b</sup> International staff will be contracted for the initial two years under IFAD's financial contribution. Continuation of professional technical assistance will be secured by regular international, regional and national consultancies, national experts, trained national staff and international, interregional technical workshops and meetings.

<sup>c</sup> ICIPE US\$335,000; CIRDES US\$140,000 and PATTEC US\$400,000 (of which US\$200,000 as part of research contracts and US\$200,000 for training). Considering the long-term, highly qualified experience of ICIPE and CIRDES in research, training/human resource development, these two institutes will serve as reference centres for research contracts and training in partnership with PATTEC.

## Results-based logical framework

	<i>Objectives-hierarchy</i>	<i>Objectively verifiable indicators</i>	<i>Means of verification</i>	<i>Risks/Assumptions</i>
<b>Goal</b>	Improve livestock production, food security and alleviate poverty through control of animal disease constraints/risks.	(i) Programme implemented, innovative animal health packages developed; (ii) animal disease burden reduced, animal production increased; and (iii) rural poverty reduced.	(i) Documentation on new packages available, including documentation on animal health and production; (ii) and impact on rural poor that benefited from programme (poverty analysis)	(i) Governmental institutions support and promote developed strategies; and (ii) improved livestock health and production interventions included in the national poverty reduction strategies of targeted countries/communities.
<b>Objectives</b>	(i) Develop holistic animal health packages for improved disease control; (ii) enhance capacity of farmers and NARES in formulation, delivery animal health and production packages in different production systems; (iii) establish strategic links and partnerships with IFAD lending programmes dealing with livestock development; and (iv) establish networks for institutional strengthening, including public-private sector collaboration, information exchange and dissemination, and influencing policy.	(i) Technologies and methods validated; (ii) rural communities and NARES empowered; (iii) linkages with IFAD programme established; (iv) participation of private sector enhanced and networks established and used by stakeholders; and (v) developed technologies and methods included in the new policy for sustained livestock development.	(i) Documentation on livestock keepers trained and using new packages; (ii) programme documents and reports; and (iii) national animal health and production statistics.	(i) Presence of civil disturbance and/or unforeseen natural disasters; (ii) failure to reach agreement among and between stakeholders; (iii) inadequate technical level of national staff; (iv) competition between national institutions and interested countries instead of cooperation; (v) language and cultural barriers between stakeholders; and (vi) delay in allocation of national staff to programme activities.
<b>Outputs</b>	(i) Holistic site specific animal health packages developed and evaluated in participatory approach; (ii) guidelines for investments in innovative technologies and strategies for control of animal diseases developed and adopted by stakeholders; (iii) capacity of primary beneficiaries and NARES strengthened; (v) animal health and production improved, stakeholders networked and empowered in policy decision-making and technology skills; and (vi) exchange and dissemination of information among stakeholders improved and sustained and Involvement of private sector enhanced.	(i) Efficacy of new packages in improving animal health and production; (ii) favourable assessment by farmers and NARES of proposed packages; (iii) number of farmers, farmers' organizations and NARES staff trained, involved and adopting developed packages; (iv) linkages with IFAD loan programmes effective; (v) number of farmers, farmers' organizations and NARES networked and linked with the private sector; and (vi) effective contribution of private sector to programme goal.	(i) Documentation on technologies developed; (ii) Technical Advisory Notes produced and shared and disseminated through FIDAFRIQUE; (iii) analysis of impact of developed animal health packages; (iv) reports on training courses/workshops held. (v) independent evaluation by development programmes, NARES and stakeholders appraisal; (vi) contribution of private sector to programme activities; and (vii) programme reports.	(i) Willingness of national institutions to collaborate with the programme; (ii) stability of political conditions; (iii) no major natural disasters occur during programme life cycle; (iv) favourable national, regional policy for livestock-agriculture development; and (v) willingness of private sector to collaborate with programme activities.
<b>Key Activities</b>	(i) Development of innovative packages for enhanced, sustainable animal health and production management; (ii) capacity-building of farmers and NARES through training; (iii) establishing strategic linkages with IFAD lending programmes; and (iv) creation of institutional and stakeholders networks for strengthening and empowering participation of beneficiaries, facilitating information dissemination and delivery of programme outputs.	(i) Professional, scientific/technical and support staff; (ii) vehicles, field and laboratory equipment (consumable and non-consumable); (iii) training facilities and equipment; (iv) office space and office equipment; and (v) operational expenditures and logistics costs.	(i) Reports on rate of implementation (technical/scientific and financial) of programme activities; (ii) analysis of developed technologies for disease control accomplished; (iii) number of trials undertaken and results documented; (iv) reports on training cases; (v) innovative packages replicated; and (vi) guidelines for future investments produced.	(i) Acceptance by governments and stakeholders to actively participate in programme activities; (ii) existence and enforcement of government(s) policy promoting livestock and public-private sector partnership; (iii) no competitive public/private interventions take place; (iv) and political environment conducive to training, implementation of, and support to new packages.

# **Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource-poor Farmers through Monitoring and Early Warning**

## **I. Background**

1. Rusts are among the most important wheat diseases. Crop yield reductions of between 10 and 60 per cent have often been recorded. The three most common wheat rusts (stem or black rust, stripe or yellow rust, and leaf or brown rust) are present globally, wherever wheat is grown. Rusts are considered the most important biotic constraint to sustainable wheat production, due to their ability to evolve rapidly into new virulent races and migrate long distances by airborne dispersal.
2. In the 1980s and 1990s, the world experienced major epidemics of yellow rust due to the emergence of a virulent strain breaking down the so-called Yr9 gene that conferred resistance in many wheat varieties. This strain travelled from East Africa (where it arose) through Yemen to the Near East then Central Asia, Pakistan and India, causing crop losses amounting to several hundred million United States dollars and affecting the livelihoods of millions of poor farmers.
3. For centuries, stem rust was feared in many wheat-growing regions of the world, since it can reduce an apparently healthy wheat crop to a tangle of black broken stems and shrivelled grain. Spectacular epidemics affected Australia in the 1940s and the United States of America in the early 1950s causing huge financial losses to farmers. Since then, and despite the occurrence of localized epidemics, stem rust had been largely under control worldwide as a result of resistant varieties developed by Dr Norman Borlaug initially of the Rockefeller Foundation Programme in Mexico and then the International Maize and Wheat Improvement Center (CIMMYT).
4. In 1999, a new virulent strain of stem rust was identified in East Africa and named Ug99. The new pathogen is capable of defeating most resistance genes in modern wheat varieties rendering over 80 per cent of all varieties cultivated in developing countries highly susceptible. The Ug99 strain was first identified in Uganda and Kenya, and then moved into Ethiopia. By 2006, it was in the Sudan (not officially announced by the Government), then Yemen (2007) and recently Iran (2008). Based on the yellow rust experience and on recorded wind movements, it is only a matter of time before it travels into West, Central and South Asia.
5. The potential impact of Ug99 is particularly serious in the wheat-growing regions of the Near East, and Central and South Asia, which together produce over 40 million hectares of wheat. Wheat in these regions is a staple food crop, providing around 40 per cent of per capita calorie supply, being especially important in the diets of the poorest consumers. Currently wheat production meets only just over half of domestic demand in the region, resulting in substantial annual imports to meet the deficits. Any significant loss to wheat production would further increase costs of imports and, coupled with the already high prices of staple foods, threatens the food security of millions of poor consumers. Besides, wheat production is a major source of income to a large proportion of small farmers of the region whose livelihoods are currently threatened by Ug99, especially since the use of resistant varieties is their only affordable measure to control wheat rusts.
6. With Ug99 rust epidemics occurring in Ethiopia and Kenya, and upon confirming the susceptibility of most internationally cultivated wheat varieties tested for Ug99 in Kenya, the Global Rust Initiative (GRI) was established in 2005 jointly by CIMMYT and the International Center for Agricultural Research in the Dry Areas (ICARDA). With the further spread of the disease into the Sudan and Yemen, Cornell University (New York) and FAO joined the initiative, which was renamed the Borlaug Global



Rust Initiative (BGRI) in recognition of the advocacy support of the Nobel Prize-winning plant breeder mentioned above.

7. FAO's recently launched Wheat Rust Disease Global Programme (WRDGP) complements the research-related activities of BGRI. WRDGP builds on FAO's comparative advantage, through its experience with international dimensions of transboundary pests in being a neutral forum for information-sharing and through its linkages with grass-roots rural communities, national governments, regional bodies, international agriculture research and development institutions, and the donor community. WRDGP's activities are mostly linked to national governments and emphasize support to contingency planning, coordinated surveillance, seed systems, and information-sharing. Both BGRI and WRDGP envisage a rolling portfolio of research and development projects designed to systematically eliminate the world's vulnerability to Ug99 and other wheat rusts.

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

8. The programme will protect the livelihoods of small wheat farmers through direct risk reduction and yield loss prevention. In addition, it will support national research programmes and plant protection services to improve their surveillance capacity thus reducing disease epidemic risks; and it will support national stakeholders by bringing them into a regional and global knowledge management system for wheat rusts management and wheat improvement generally.
9. The programme is consistent with IFAD's strategic objective of ensuring that, at the national level, poor men and women have better and sustainable access to improved agricultural technologies and effective production services, with which they enhance their productivity. It also addresses IFAD's six principles of engagement, especially those of targeting the poor and disadvantaged, innovation, learning and scaling up and effective partnership with national and international stakeholders. The programme supports innovative approaches in the use of disease field surveillance techniques coupled with pathogen race analysis, detailed meteorological data, and geographic information systems (GIS) maps of wheat crop distribution to support policy decisions. Partnerships between FAO, ICARDA, CIMMYT and national agricultural research systems (NARS) will improve regional and global coordination. National synergies will be enhanced through multidisciplinary and multi-institutional surveillance teams representing the plant protection services and agriculture research institutions and supported by policymakers. The programme ensures close collaboration of trained national teams through exchanging information and experience at the regional and international levels. The programme will adopt the key approaches outlined below.

## **III. The proposed programme**

10. The programme covers the surveillance and monitoring of wheat rusts, including pathogen race analysis and the tracking of virulence changes and its extension into an early warning system. It also includes human resource development and infrastructure enhancement and support to seed multiplication of resistant varieties. Its focus is on countries either already affected by Ug99 or at immediate risk. BGRI is engaged in vitally important activities related to accelerated breeding and varietal testing, while the WRDGP is concentrating on policy support to national preparedness and information-sharing. Both BGRI and WRDGP are also focusing on surveillance, early warning and seed multiplication, considered as critical activities in the global management of the Ug99 crisis. BGRI and WRDGP activities are funded from the core budgets of FAO, ICARDA, CIMMYT and collaborating NARS. Other funding sources include major wheat-producing countries (Australia, Canada, India and the United States), Spanish and Italian Trust Funds, the Arab Fund for Economic and Social Development, and Cornell University (using funds from the Bill & Melinda Gates Foundation).

11. **Target group.** The programme's direct beneficiaries are the poorest wheat growers in selected countries in East Africa and West Asia, who will benefit from the reduced risk of rust epidemics and the consequent yield losses. This group of farmers rely on planting resistant wheat varieties and are least likely to afford the purchase of agrochemicals for rust control.
12. **Goal.** The programme's overall goal is to reduce the risks of wheat rusts causing crop losses and threatening the livelihood of poor resource farmers in North-east Africa and West Asia.
13. **Objectives.** There are two main objectives: to establish an effective monitoring and early warning system for wheat rust diseases; and to support, as a stopgap measure, the local multiplication and distribution of seed of available wheat varieties with rust resistance.
14. **Key activities.** This programme will be part of a larger global framework of BGRI and WRDGP activities that aims at mitigating the threat of emerging virulent wheat rust races. It will comprise seven components to be implemented over a three-year period as described below.

#### **IV. Expected outputs and benefits**

15. These are the following:
  - (i) National system for regular wheat disease surveys and early detection established in the participating countries;
  - (ii) Changes in virulence patterns and defeated resistance genes detected in a timely way through capacity-building, upgrading of regional facilities for pathogen characterization and the establishment of rust trap nurseries;
  - (iii) Regional information exchange and networking enhanced;
  - (iv) Two international workshops convened for harmonization, evaluation and update of surveillance methodologies;
  - (v) National and regional distribution of wheat cultivated areas surveyed and GIS maps developed;
  - (vi) Early warning system for transboundary wheat rusts established; and
  - (vii) Small quantities of seed of new resistant varieties provided to farmers through local seed multiplication supported by demonstration plots for farmers' extension and training.

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

16. FAO will be the main implementing organization, supported by ICARDA and CIMMYT. Both ICARDA and CIMMYT are non-profit research and training centres and members of the Consultative Group on International Agricultural Research (CGIAR). Both work via a network of national, regional and international research and development partners. ICARDA has a mandate covering the countries of Central and West Asia and North Africa for durum and bread wheat improvement. CIMMYT has an international mandate for wheat and maize improvement.
17. FAO, as grant recipient, will be responsible for the programme's administrative, financial and technical management. ICARDA and CIMMYT will be subcontractors guided by the existing memorandums of understanding with FAO. FAO will nominate a lead technical officer as programme coordinator and a second lead technical officer specifically responsible for the wheat rust surveillance and early warning system at FAO. ICARDA and CIMMYT will each nominate a lead technical officer responsible for programme activities.

18. A PSC will be convened at start-up and will meet annually. It will be composed of senior staff of FAO, ICARDA and CIMMYT; the programme coordinator; the three lead technical officers from FAO, ICARDA and CIMMYT; a representative of the Crisis Management Unit at FAO; and designated IFAD representative(s). The involvement of IFAD staff will be at the sole expense of IFAD and no grant funds will be used for their travel, accommodation or subsistence. The PSC will review programme results and review/approve annual workplans and budgets. Appropriate programme coordinators and managers of relevant IFAD-funded projects will be invited to participate in PSC meetings.

#### **Monitoring and reporting arrangements**

19. Programme monitoring will be through technical backstopping missions by the programme coordinator and the three lead technical officers. Annual workplans will include time-bound indicators to measure programme progress. Workplans, budgets, and a comprehensive implementation progress report will be prepared annually and put before the PSC for interim approval prior to submission to IFAD for approval. Progress reports including progress made on programme activities and the use of funds disbursed will be prepared annually and presented to IFAD through official FAO channels. A final completion report will be submitted to IFAD three months after programme completion, including details of the level of accomplishment of objectives, results achieved, management of costs and the benefits derived. Programme supervision arrangements will be decided on in collaboration with the IFAD task manager. It is expected that IFAD will organize an independent evaluation of the programme during the final programme year.

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

20. The programme will be funded by an IFAD grant plus funds and in-kind contributions from FAO, ICARDA, CIMMYT and NARS partners. The cost of the different activities over three years is shown below, together with cofinancing for directly related activities from other sources. The programme includes two international workshops, three travelling workshops (in Egypt, Turkey and Yemen) and involves extensive in-country travel for surveillance of farmland in wheat-producing areas. As a result, the travel costs form a significant and necessary part of the programme cost.

#### **Summary of budget and financing plan**

(Thousands of United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing<sup>a</sup></i>
Consultants	60	1 239
Travel	480	533
Training	110	-
Expendables	125	164
Contracts	410	70
Technical support	96	20
Operating expenses	24	30
Overhead (13 per cent)	195	278
<b>Total</b>	<b>1 500</b>	<b>2 334</b>

<sup>a</sup> Where applicable.

## Results-based logical framework

	<i>Objectives-hierarchy</i>	<i>Objectively verifiable indicators</i>	<i>Means of verification</i>	<i>Assumptions</i>
<b>Goal</b>	Risk reduction in crop losses due to wheat rust epidemics in developing countries.		<ul style="list-style-type: none"> <li>Country reports and disease surveillance data</li> </ul>	
<b>Objectives</b>	<ol style="list-style-type: none"> <li>Establish an effective monitoring and early warning system for rust diseases of wheat</li> <li>Produce and distribute seed of local wheat varieties with rust resistance</li> </ol>	<ul style="list-style-type: none"> <li>National cereal rust monitoring and surveillance teams fully functional in at least six countries</li> <li>Early warning system developed</li> <li>Seeds of resistant varieties multiplied and distributed</li> </ul>	<ul style="list-style-type: none"> <li>Wheat rust survey and status information updates published on the web and alerts issued</li> <li>List of farmers receiving seeds</li> </ul> FAO and NARS reports	<ul style="list-style-type: none"> <li>Governments agree and facilitate survey teams and information sharing process</li> <li>Successful development of new resistant varieties</li> <li>Resources available</li> </ul>
<b>Outputs</b>	<ol style="list-style-type: none"> <li>National system for regular wheat disease surveys and early detection established in participating countries</li> <li>Changes in virulence patterns and defeated resistance genes timely detected through capacity-building, upgrading race analysis facilities and the establishment of rust trap nurseries</li> <li>Regional information exchange and networking enhanced</li> <li>Two international workshops for activity harmonization</li> <li>National and regional distribution of wheat cultivated areas surveyed and GIS maps developed</li> <li>Early warning system for transboundary wheat rusts established</li> <li>Small quantities of seed of new resistant varieties provided to farmers through local seed multiplication</li> </ol>	<ul style="list-style-type: none"> <li>National field survey teams established and survey data with global positioning system (GPS) reference transmitted to FAO wheat rust coordinating unit</li> <li>Rust race analysis facilities in three participating countries upgraded and functional, staff trained and results submitted</li> <li>Wheat rusts website functional at FAO, and information bulletins and alerts issued</li> <li>Field days and workshops organized and attended by stakeholders</li> <li>GIS maps on wheat distribution and prevalence of rust races developed for at least six countries and loaded on to the FAO wheat rust website</li> <li>Early warning system for virulence rust movement applied in at least six countries by issuing alert bulletins with recommended actions</li> <li>Staff/farmers trained in seed multiplication</li> </ul>	<ul style="list-style-type: none"> <li>Survey data, and activity reports provided by FAO, ICARDA, CIMMYT and NARS</li> <li>Training reports</li> <li>Information published on the surveillance website and in bulletins</li> <li>Activity reports website and various publications</li> <li>Workshop proceedings and reports</li> <li>Activity reports provided by FAO</li> <li>Bulletins issued</li> <li>Maps published on the web</li> <li>Alerts and bulletins published on the web</li> <li>NARS reports</li> </ul>	<ul style="list-style-type: none"> <li>Governments agree on sharing information</li> <li>Trained staff remain active</li> <li>Resources available</li> <li>Maintenance to running of race analysis facilities and trap nurseries provided</li> <li>Outputs 1,2 and 5 accomplished</li> <li>Resistant varieties available and registered</li> <li>Information on defeated genes from race analysis available to national seed system</li> </ul>
<b>Key Activities</b>	<ol style="list-style-type: none"> <li>Capacity-building for NARS in race analysis and trap nursery management and assessment</li> <li>Establish rust surveillance teams in each country and running of surveys</li> <li>Upgrading of facilities in three countries for pathogen characterization</li> <li>Establish wheat rust coordinating unit</li> <li>Support in seed multiplication and capacity-building</li> </ol>	<ul style="list-style-type: none"> <li>Agreement on trainees and trap nurseries</li> <li>Laboratory facilities</li> <li>Identity of survey teams</li> <li>Means of transport, GPS, survey manuals and funding for surveys</li> <li>Procurement contracts for equipment</li> <li>Staff hired at FAO</li> <li>Hardware and software provided</li> <li>Land and equipment for field demonstrations on seed multiplication</li> <li>Guidelines on management of demonstration plots</li> <li>Subcontracts for seed multiplication activities</li> </ul>	<ul style="list-style-type: none"> <li>Training reports</li> <li>Race analysis and trap nursery results</li> <li>Maps and lists of trap nursery sites</li> <li>Survey reports</li> <li>Survey results transmitted to the FAO wheat rust coordination unit</li> <li>Reports and receipts</li> <li>Surveillance website and alert bulletins issued</li> <li>Quantities of seeds produced</li> <li>FAO activity reports</li> </ul>	<ul style="list-style-type: none"> <li>Trained staff remain actively involved</li> <li>National counterparts provide needed maintenance of trap nurseries</li> <li>National authority agree on team members sharing information</li> <li>Funding available</li> <li>Proper assessment needs done</li> <li>Upgrade costs not exceeding budget</li> <li>Funding available for staff hiring and software development</li> <li>Resistant varieties available and registered</li> <li>Basic amounts of seeds of resistant varieties made available for multiplication</li> </ul>

## **Empowering Smallholder Farmers in Markets (ESFIM)**

### **I. Background**

1. In November 2005, the Secretariat of the International Federation of Agricultural Producers (IFAP) approached the European Consortium for Agricultural Research in the Tropics (ECART)<sup>1</sup> to develop jointly a research support programme for IFAP members, mobilizing ECART expertise within the affiliated research institutes. This programme, to be called Empowering Smallholder Farmers in Markets (ESFIM), was to focus on action research supportive of farmers' organizations to propose changes in their respective institutional and legislative contexts that would strengthen smallholder farmers' capacity in agricultural markets.
2. During his opening speech for the 37th World Farmers' Congress in Seoul, Republic of Korea, in May 2006, IFAD President Lennart Båge supported the idea of a tripartite collaboration among IFAD, farmers' organizations and research institutes. In September 2006, IFAD also took part in the ESFIM steering committee together with AgriCord, an alliance of agri-agencies, and the Technical Centre for Agricultural and Rural Cooperation as partners and intended funding agencies for the ESFIM programme.
3. To build ESFIM as a demand-driven programme, IFAP addressed a call for expression of interest to its members in 2006-2007. Altogether, 27 responses presenting experiences of small farmers' empowerment in markets were collected. These shaped the key issues to be addressed in the programme and oriented the selection of countries where research activities would take place.
4. In December 2006, IFAD's President approved a grant of US\$150,000 for an inception phase to undertake preparatory research and outline the programme's methodology. An international workshop with mandated representatives of farmers' organizations from 15 countries in Africa, Asia and Latin America was held in Tunis in 2007. Farmers' organizations represented at this meeting endorsed the programme's objectives and elaborated further its approach and methodology.

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

5. Recent years have witnessed many significant changes in agricultural markets, trade regimes and market governance and organization. For instance, most governments are moving away from the direct management of agricultural markets and focusing more on indirect market regulation. Parastatals have been replaced by multinationals and local private traders in agricultural export trade and input distribution. The role of other players such as service providers, NGOs and community-based organizations has grown compared with that of the public sector. All this constitutes a new institutional and policy context for farming business and a new framework in which smallholder farmers and their organizations operate.
6. The recent increase in food prices could provide an excellent opportunity to improve farmers' livelihoods and stimulate agricultural investments and production. For this to happen, however, smallholder farmers need to organize themselves better in the market, to be consulted as partners on relevant policy decisions, to be provided with a favourable regulatory environment in which to invest, and to be supported by improved services and infrastructure. To meet new market challenges facing smallholders, there is also a constant need to enhance relevant policies and institutions. These should reflect the particular market constraints and opportunities of smallholders, who tend to be more vulnerable than large farmers in agricultural

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<sup>1</sup> European Consortium for Agricultural Research in the Tropics. The ECART members involved in the ESFIM programme are the Natural Resources Institute (United Kingdom of Great Britain and Northern Ireland); Agricultural Research for Developing Countries (CIRAD) (France); and Wageningen University and Research Centres.

value chains and less capable of withstanding shocks, market volatility and the rising transaction costs associated with increasing market integration.

7. The role of farmers' organizations in helping agricultural producers to improve their market access and enhance their bargaining position vis-à-vis suppliers and customers has received increasing national and international attention. Most recently, for instance, the World Bank's World Development Report 2008 has stressed the need for greater investments in agriculture, notably in small-scale farming, in order to reduce poverty and hunger, and highlighted the importance of more effective participation of farmers' organizations in relevant policy and decision-making processes. However, in many developing countries, the capacity of farmers' organizations to be proactive vis-à-vis market and policy changes is rather weak.
8. IFAP is a world farmers' organization gathering 115 national organizations in 80 countries. It is a global network in which farmers from industrialized and developing countries exchange concerns and set common priorities. One of its objectives is to improve smallholder farmers' empowerment to face markets characterized by increasing industrial concentration, restructuring, shifts in market governance and rising prices. This is in line with IFAD's goal to empower poor rural women and men to achieve higher incomes and better food security through better access to transparent and competitive markets for their agricultural produce (fourth strategic objective, IFAD Strategic Framework 2007-2010). To contribute to the achievement of this goal, IFAP stimulates learning and sharing of experiences among national farmers' organizations on key policy issues of special relevance for the empowerment of smallholders in agricultural markets.

### III. The proposed programme

9. The programme's goal is to empower smallholder farmers in markets. The purpose is to contribute to a policy and institutional environment that is more conducive to smallholder farmers' participation in agricultural markets.
10. The overall objective is to strengthen the capacity of farmers' organizations to contribute to policy and institutional initiatives to enhance smallholder farmers' participation in agricultural markets.
11. The programme will be implemented with IFAD support in nine countries: Benin, Costa Rica, Kenya, Madagascar, Malawi, Peru, South Africa, Uganda and Uruguay.
12. The three-year programme will have three main components:
  - (i) **Support to national agendas through collaborative research.** This component will be a collaborative, farmer-driven process. Farmers' organizations from selected countries will elaborate a research programme for empowering smallholder farmers in markets using consultations within farmer-driven platforms, including IFAP and non-IFAP members. A participatory process at grass-roots level will serve to define the research themes. This will also help foster wide outreach and dialogue, and create a broad collaborative process among farmers' organizations, research institutions and local experts. Workshops will be organized to refine the lobbying agenda of farmers' organizations for empowering smallholder farmers in markets on the basis of local and national contexts.
  - (ii) **Comparative research.** ESFIM will undertake comparative research on experiences and institutional arrangements in developing and industrialized countries promoted by farmers' organizations to tackle specific challenges related to smallholder farmers' access to agricultural markets. This component will draw on the issues identified during the ESFIM inception phase and on others raised by farmers at the grass-

roots level through a participatory process.<sup>2</sup> The ECART research team will identify policy initiatives and innovative institutional arrangements based on bibliographical analysis, Web-based inquiries and interviews (research studies, studies from IFAP members, etc.). A specific effort will be made to take advantage of, and find links with, existing programmes and projects on the same topic, particularly IFAD-funded grants and projects related to market access. To avoid duplication with a new IFAD grant<sup>3</sup> in Asia in favour of regional farmers' organizations, including IFAP, IFAD grant resources dedicated to ESFIM will not be used for implementation in Asian countries (India and the Philippines).

- (iii) **Learning for action.** The learning process will be enhanced through a participative approach including regular discussions, working meetings, study tours and workshops at national and international levels. These learning opportunities will optimize the input of participants and contribute to the depth of discussion among farmers' representatives on replicable policies and institutional arrangements. They will also be used to reflect with experts from relevant national and international organizations on promising follow-up policy initiatives.

#### IV. Expected outputs and benefits

13. The overall expected outcome of the ESFIM programme is increased capacity of farmers' organizations in participating countries to advocate policies that contribute to the empowerment of smallholder farmers in markets. Specific benefits and outputs to be delivered under the three components are as follows:
  - (i) Farmers' organizations in 11 developing countries have a proactive lobbying agenda related to smallholder farmers in markets, and a set of written, technically sound propositions for changes in key elements of the institutional environment;
  - (ii) IFAP and its network of farmers' organizations have at their disposal research briefs and working papers gathering information on innovative and replicable policies and institutional arrangements that empower smallholder farmers in markets; and
  - (iii) IFAP and its member farmers' organizations have guidelines, a detailed methodology for the learning process, and training and educational programmes to empower smallholder farmers in markets.

#### V. Implementation arrangements

14. To generate demand-driven action research supportive of the activities of farmers' organizations, national platforms will be designed and set up, in which non-IFAP members can be included. This, together with the elaboration of lobbying agendas, will be under the responsibility of each of the 11 IFAP members leading the programme in their respective country, with the assistance of the other farmers' organizations involved, the IFAP Secretariat and the ECART team. Specific consultations will be undertaken to involve representatives of farmers at the grass-roots level.
15. To facilitate demand articulation and participatory policy generation, in 2007 IFAP strengthened its regional coordination with the full-time employment of four regional policy officers. These regional officers will support, through dedicated time allocations, the ESFIM programme at the regional and national levels.

<sup>2</sup> The following issues to facilitate smallholder farmers' access to markets were identified: reducing access barriers, protecting local production, reducing marketing risks, reducing transaction costs, strengthening bargaining power and supporting collective marketing.

<sup>3</sup> "Medium-term Cooperation Programme with Farmers' Organizations in Asia and the Pacific Region". A component of this grant is dedicated to support to policy dialogue, particularly on access to markets.

16. An ESFIM steering committee, chaired by IFAP, will be established. Its role is to support farmers' organization advocacy efforts by mobilizing evidence-based research. Specifically, the committee will discuss and approve programme design, monitor programme progress and budget implications, and provide guidance to the ESFIM programme management team.
17. IFAD will be represented in the steering committee and, through this representation, will facilitate the links between the programme and IFAD country programme managers. ESFIM will enhance its own linkages with IFAD projects and regional grants through mechanisms that may differ according to country context. ESFIM will also aim to fill the gaps on market access that the other initiatives might have. Its results and lessons learned will be freely accessible to all farmers' organizations and individuals.

## VI. Indicative programme costs and financing

18. The programme's total cost is estimated at US\$3.6 million. IFAP cofinancing of US\$1.2 million will be channelled through AgriCord directly to farmers' organizations in the 11 countries to finance research activities. The Technical Centre for Agricultural and Rural Cooperation is contributing EUR 120,000. Cofinancing to cover the remaining financial gap will come from the European Commission, especially from the EuropeAid Food Security Thematic Programme. The United Kingdom's Department for International Development has also been approached as a possible cofinancier.
19. IFAD grant support of US\$1.0 million will be directed to activities in Benin, Costa Rica, Kenya, Madagascar, Malawi, Peru, South Africa, Uganda and Uruguay. As mentioned above, IFAP member farmers' organizations in Asian countries participating in ESFIM will not receive financing from IFAD funds.
20. IFAD funds will mainly cover the time allocated to programme activities by researchers and local consultants (professional services) and their travel costs.
21. Procurement procedures for goods, services and human resources are under the responsibility of the IFAP Secretary General and the Director for Finance and Administration. To carry out its budget and finance responsibilities, the IFAP Executive Committee has set up a permanent Budget and Finance Committee, chaired by the Treasurer of IFAP and composed of three elected members. The Budget and Finance Committee meets at least once prior to each session of the Executive Committee, and reports to each session of the Executive Committee on all matters related to IFAP's budget, finances and membership subscriptions.
22. IFAP books of accounts are evaluated each year by an independent auditor who performs the audit function in accordance with standards for the professional practice of auditing.

### Summary of budget and financing plan

(Thousands of United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing<sup>a</sup></i>
Personnel (including subcontractors)	135	360
Professional services	625	1 332
Travel costs	240	501
Operational costs, reporting and publications	-	471
<b>Total</b>	<b>1 000</b>	<b>2 664</b>

<sup>a</sup> Where applicable.



# Results-based logical framework

	<i>Objectives-hierarchy</i>	<i>Objectively verifiable indicators</i>	<i>Means of verification</i>	<i>Assumptions</i>
<b>Goal</b>	Empower smallholder farmers in markets.		Survey to assess the improvement of access of smallholder farmers to markets through Agriterro profiling tool	
<b>Objectives</b>	Strengthen the capacity of farmers' organizations to contribute to policy and institutional initiatives to enhance smallholder farmers' participation in agricultural markets.	<ul style="list-style-type: none"> <li>• Number of national strategies and proposals for policies and institutional arrangements discussed with governments</li> <li>• Number of policies and institutional arrangements proposed or supported by farmers' organizations approved</li> <li>• Number of newspaper references to farmers' organizations proposals and to discussion with governments</li> <li>• Reference to research findings in public documents</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers' organizations archives</li> <li>• ESFIM webpage</li> <li>• ECART website</li> <li>• IFAP website</li> <li>• Press through Google search</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration from governments and no political turbulence in the involved countries that may impact the possibilities for farmers' organizations to be active at policy level.</li> <li>• Consultation processes by governments related to poverty reduction strategy paper or sector policy development that can significantly increase the leverage of the ESFIM programme.</li> </ul>
<b>Outputs</b>	<p><b>Component 1:</b> lobbying agenda, case studies and strategy papers</p> <p><b>Component 2:</b> research briefs, working and policy brief papers</p> <p><b>Component 3:</b> guidelines, detailed methodology for learning process, training and educational programmes</p>	<ul style="list-style-type: none"> <li>• Number of written lobbying agendas</li> <li>• Number of proposals developed and presented for consideration to relevant institutions</li> <li>• Number of case studies</li> <li>• Number of research reports and briefs produced by research team and local consultants</li> <li>• IFAP note on learning process and proposals to farmers' organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers' organizations archives</li> <li>• ESFIM webpage</li> <li>• ECART website</li> <li>• IFAP website</li> <li>• Minutes farmers' organization board (farmers' organizations archives). Register of participants in workshops and events</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of the facilitation process developed by farmers' organizations.</li> <li>• Quality and involvement of research teams and local experts.</li> </ul>
<b>Key Activities</b>	<p><b>Support to national agendas</b> Setting up national platforms National workshops to refine the lobbying agenda and adapt the ESFIM methodology to national contexts Consultations with other stakeholders and governments</p> <p><b>Comparative research</b> Analysis of successful strategies of farmers to create market access Preparation of case studies and success stories Research studies on cross-cutting issues identified by farmers</p> <p><b>Learning for Action</b> National and international workshops on replicable policies and institutional arrangements.</p>	<ul style="list-style-type: none"> <li>• facilitation of the platform activities</li> <li>• mobilization of research teams and local experts</li> <li>• operational facilities to organize, facilitate and write out the results of the workshop</li> <li>• mobilization of research teams and local experts on specific topics and on specific studies</li> <li>• mobilization of research teams and local experts to develop case studies</li> <li>• operational facilities to organize, facilitate and write out the results of the workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly progress reports by ESFIM Project Management</li> <li>• Project administration by IFAP</li> <li>• Mission reports by ECART</li> <li>• Quarterly progress reports by ESFIM Project Management</li> <li>• Project administration by IFAP</li> <li>• Reports from Liaison persons in each ECART Institute</li> <li>• Quarterly progress reports by ESFIM Project Management</li> <li>• Project administration by IFAP</li> <li>• Coordination by Steering Committee</li> </ul>	ESFIM team is aware of the ongoing initiatives at national level, and thus able to articulate ESFIM activities with them. ESFIM and ECART teams are aware of finalized and ongoing research programmes i.e. access to markets to take advantage of them and find complementarities (regoverning markets, IFAD-IFPRI joint programme). ESFIM is aware of scheduled meetings, conferences or farmers' forums at international level to avoid duplication.

# **Regional Initiative for Smallholder Agriculture Adaptation to Climate Change in the Indian Ocean Islands**

## **I. Background**

1. This is a proposal for IFAD support to Indian Ocean Commission (IOC)<sup>1</sup> initiative in the western Indian Ocean. IOC is a regional organization, created by the General Cooperation Agreement signed at Victoria, Seychelles (1984), and includes the Comoros, Madagascar, Mauritius, Réunion (France) and Seychelles.
2. IOC responds to both political and regional cooperation issues by promoting sustainable co-development of south-western Indian Ocean islands, and defends the ecological, cultural and economic specificities of the region. Since 2005, one of its main priorities is promotion of regional sustainable development. Réunion is a member of IOC and contributes to the regional cooperation initiatives with its own funds. IOC is governed by a board of its members and has a staff for implementing a diversified portfolio of regional cooperation projects in areas of common interest in collaboration with multiple international partners and donors.
3. Under its funding umbrella, IOC has implemented and is presently preparing projects related to: (i) economic integration of the region in the global context; (ii) assessment and monitoring of pelagic fish resources, and control and surveillance of oceanic fisheries; (iii) strengthening of the region's preparedness for cyclones and natural disasters; (iv) integrated coastal zone management; (v) plant protection and phytosanitary aspects; (vi) assessments of climate change and impacts on the region's economic sectors; and (vii) private-sector development. The World Bank is currently funding an initiative for the prevention of marine pollution and protection of coral reefs. The African Development Bank, European Union, France, World Bank, the Joint United Nations Programme on HIV/AIDS are some of the main cofunders, and between 2005 and 2006 IOC mobilized about US\$120 million.
4. A colloquium held in Seychelles in March 2008 clearly indicated that the IOC Secretariat is now set to service the larger ambitions of its member states and of its regional stakeholders to achieve better coordination of their approaches in the spirit of the Paris Declaration on Aid Effectiveness. IFAD's first-time partnership with the IOC will help encourage this change as well as strengthening the Fund's commitment in the region.

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

5. As mentioned above, the relevance for the proposed grant lies in the objective shared by IFAD and IOC member states of addressing the impact of climate change and poverty reduction. That smallholder agricultural systems in the Indian Ocean region need to adapt to climate change is clearly shown in the results of vulnerability assessments conducted for the national adaptation programmes of action (NAPAs) in the Comoros and Madagascar,<sup>2</sup> which indicated that change in climatic variability, such as prolonged drought seasons and intensive rainy seasons, are leading to rapid declines in soil fertility. Both NAPAs identified small farmers as being the top vulnerable group requiring serious attention.
6. The rationale is to assist these small farmers in protecting their farming systems against these changes. Adoption of conservation agriculture practices may contribute significantly to restoring and improving soil fertility, thereby enhancing the resiliency

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<sup>1</sup> [www.coi-ioc.org](http://www.coi-ioc.org)

<sup>2</sup> National Action Programme of Adaptation to Climate Change for the Union of the Comoros, Ministry of Rural Development, Fisheries, Handicraft and Environment. *Programme D'Action National D'Adaptation au Changement Climatique au Madagascar, Ministère de l'Environnement, des Eaux et Forêts. Direction Générale de L'Environnement.*

of the land against adverse climate variability. This is likely to lead to higher yields, improving smallholders' market opportunities and bringing significant improvements to their livelihood standards.

7. The proposed grant will also enhance cooperation among islands and regional stakeholders by building and consolidating on past experiences and existing regional networks, thus improving the consistency and impacts of IFAD activities in the region.
8. Experiences in conservation agriculture<sup>3</sup> proved to be valuable in specific agroecologic and socio-economic environments, showing clear advantages in terms of erosion control, drought mitigation, soil fertility and improved adaptation and resilience of crops. Despite positive achievements, little has been done to expand research and results among smallholder farms and build awareness of the approaches outside local and research boundaries. The grant aims to capitalize on lessons learned and widen the focus and outreach of conservation agriculture techniques.
9. Additional pressure is put on land and soils in producer countries (such as Madagascar) as a result of increasing demands from importing IOC states (such as Mauritius, Réunion and Seychelles), who in turn will be pressured from a decrease in large imports from Asian countries due to high transport costs, possible introduction of eco-taxation and implementation of free market exchange in the Common Market for Eastern and Southern Africa. In view of this, IOC is advocating the need to link environmental concerns with agricultural practices, and to focus on helping the region exploit its untapped potential for supplying organic and quality agricultural products to emerging agritourism, organic and fair trade markets. By drawing on the experiences of IFAD-funded projects related to emerging markets, the programme will link conservation agriculture and its activities with the main emerging marketing opportunities in the region. This will be facilitated by the growing awareness and interest in conservation agriculture activities among local producers, NGOs and small farmers' organizations.
10. In line with the IFAD Policy on Targeting, the target group will include poor and vulnerable small-scale farmers of the IOC member states<sup>4</sup> and also in Zanzibar (United Republic of Tanzania) because of its similar emergent markets. Special focus will be given to farmers in areas with a proven potential for high-value crops and emerging markets. Within this entry point, the target group will be further widened to include agriculture and food value chain operators in order to help these rural communities to integrate better in both the local and the regional economic systems, and to establish a sound basis for economic viability and social acceptance for conservation-based agriculture.
11. The programme will be linked to several ongoing IFAD-funded projects and programmes in place in the Indian Ocean<sup>5</sup> and, if proven successful, will be replicated in other countries linked to the IOC under its Inter-Regional Coordinating Committee,<sup>6</sup> and associate with other IFAD-supported initiatives in other parts of the world, such as the Caribbean Regional Unit for Technical Assistance in the Caribbean and the Mainstreaming of Rural Development Innovations Programme in the Pacific,

<sup>3</sup> Direct seeding on plant covering (SCV3) in Madagascar, live hedging in Comoros, and watershed management on Rodrigues Island (Mauritius).

<sup>4</sup> Comoros, Madagascar, Mauritius, Seychelles and Réunion.

<sup>5</sup> National Programme for Sustainable Human Development, Comoros; Support Project to the Development of Menabe and Melaky Regions, Madagascar; Support to Farmers' Professional Organizations and Agricultural Services Project, Madagascar; Support Programme for Rural Microenterprise Poles and Regional Economies, Madagascar; Rural Diversification Programme, Mauritius; Marine and Agricultural Resources Support Programme, Mauritius; and Agricultural Services Support Programme, Zanzibar, United Republic of Tanzania.

<sup>6</sup> Common Market for Eastern and Southern Africa (20 countries); Intergovernmental Authority on Development (7 countries); and Southern African Development Community (14 countries).

in the western Pacific Islands. Linkages are envisaged with the African Development Bank, French Development Agency, European Union, World Bank, and large research institutes such as the *Centre National de la Recherche Appliquée au Développement Rural* (FOFIFA) (Madagascar), the International Cooperation Centre on Agrarian Research for Development and the Mauritius Sugar Industry Research Institute.

### III. The proposed programme

12. The programme's overall goal is to support the adaptation of smallholder agriculture systems to climate change in the Indian Ocean islands in order to enhance rural families' incomes and livelihoods. Its specific objectives are to share information and implement conservation-based agricultural approaches and techniques at the farm and village levels in order to achieve higher economic returns on retained activities.
13. The three-year programme will comprise four main components:
  - (i) Information and sensitization of stakeholders;
  - (ii) Capacity-building at the national and local level;
  - (iii) Knowledge-sharing and technical networks; and
  - (iv) Support in easing agricultural systems to adapt to climate change.

### IV. Expected outputs and benefits

14. The following outputs and benefits are anticipated:
  - (i) **Information and sensitization of stakeholders.** Developing a common regional understanding of conservation agriculture-based principles and benefits for all stakeholders;
  - (ii) **Capacity-building at the national and local level.** Strengthening stakeholders' institutional and technical capacity to integrate and adopt conservation agriculture-based principles and methods in their fields of competence and within their responsibilities.
  - (iii) **Knowledge-sharing and technical networks.** Enhancing existing knowledge-sharing networks on conservation agriculture-based practices to improve knowledge on past and current experiences and facilitate access to and use of information and management tools related to conservation agriculture and climate change.
  - (iv) **Support in easing agricultural systems to adapt to climate change.** Sustaining smallholder agricultural systems in building up resiliency to the climatic variability prevailing in the region by promoting and strengthening the economic viability of conservation agriculture in national, regional and international markets, and demonstrating and establishing the basis for longer-term benefits of conservation agriculture in terms of reduced land degradation, through improved soil fertility and hence, productivity. Most of these activities will be implemented through existing rural development projects on the islands.

### V. Implementation arrangements

15. **A regional coordination unit** will be placed under the responsibility of the IOC programme manager. This unit, to be based near IOC headquarters in Mauritius, will be composed of: (i) a coordinator, experienced in agricultural development and in agroecological issues; (ii) a regional technical assistant, having previous experience in emerging markets and farmers' organizations; and (iii) a support team shared with the Regional Programme for Plant Protection in the Indian Ocean (PRPV)<sup>7</sup>

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<sup>7</sup> [www.prpv.org](http://www.prpv.org).

(administration, accounting, monitoring and evaluation). Posts (i) and (ii) will be filled following an open competitive recruitment process in the region.

16. **A national focal point** will be named by each member state. Given the importance and present role of the private/associative sector in promoting and disseminating agroecological practices, the national representation will also integrate a representative of farmers' organizations.<sup>8</sup>
17. **Technical assistance.** Because of scarce funds and the diversity of topics, permanent international technical assistance is not foreseen. Technical assistance could be provided under a competitive framework contract including: (i) part-time technical assistance for expertise in agroecological research, agricultural development, emerging markets, etc.; (ii) online support to the regional coordination unit; and (iii) support to information collection and integration into the regional information system.
18. Advisory services for the design and maintenance of the information system will be contracted separately, using skills and experience involved in PRPV, implemented by IOC since 2000. A small allocation will be made to fund additional research and desk studies should the need arise.

## VI. Indicative programme costs and financing

19. IFAD's total contribution is estimated at US\$0.75 million (see table below). In addition, other donors will contribute an estimated total amount of US\$1.5 million. In the light of the broad range of issues covered and the limited grant amount, savings of operating costs will be obtained through connections with other IFAD and European Union projects, and those funded by the French Government.
20. Subject to the approval of a new European Commission grant, PRPV will be phasing out between mid-2008 and 2010. The IFAD/IOC programme will consequently share the cost of support staff<sup>9</sup> and help PRPV to maintain its network organization (except in Réunion), using it to launch its own network. IOC and European Commission regional offices in Mauritius are interested in cofinancing this initiative.
21. The two regional agencies (Réunion<sup>10</sup> and Madagascar) have agreed to fund part of the cost of their scientists. French regional cooperation is another possible source of financing, through Réunion stakeholders. These cofinancing opportunities will be confirmed on submission of an IOC project design report.
22. The IOC member states have agreed to bring in-kind support to the programme through the provision of civil servants' time and through facilities (accommodation of the regional coordination unit, laboratory services, etc.).

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<sup>8</sup> Given the specific political status of Rodrigues within Mauritius and its high poverty levels, it may be decided that Mauritius and Rodrigues could each have a representative.

<sup>9</sup> This includes administration, accounting, monitoring and evaluation.

<sup>10</sup> Réunion offers a taskforce of researchers, specialists and members of farmer's organizations.

**Summary of budget and financing plan**

(Thousands of United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing<sup>a</sup></i>	<i>Total</i>
Personnel (including subcontractors)	105	306	411
Professional services	116	192	308
Travel costs	27	36	63
Equipment	55	182	237
Operational costs, reporting and publications	102	140	242
Backstopping	35	42	77
Training/capacity-building	310	531	841
<b>Total</b>	<b>750</b>	<b>1 429</b>	<b>2 179</b>

<sup>a</sup> Where applicable.

23. A monitoring plan for the initiative will be established from the outset, using outcome mapping and other methodologies to assess progress towards outcome attainment. The initiative will be supervised yearly by IFAD. In addition, external evaluations will be commissioned, for mid-term course adjustments and end-of-term assessment.

## Results-based logical framework

	<i>Objectives-hierarchy</i>	<i>Objectively verifiable indicators</i>	<i>Means of verification</i>	<i>Assumptions</i>
<b>Goal</b>	Adapt smallholder agriculture systems in the islands of the Indian Ocean to climate change through conservation-based agricultural practices to enhance their income and livelihoods.		Resiliency of smallholder farms in withstanding adverse climate variability caused by climate change	Relevant ongoing projects and programmes in the region to which programme will be linked (IFAD, European Union, Global Environment Facility (GEF), <i>Agence Française de Développement</i> ), will provide in-kind contribution to most of the activities
<b>Objectives</b>	<p><b>(a) Develop</b> a common regional understanding of conservation-based agricultural principles and benefits;</p> <p><b>(b) Enhance</b> existing knowledge-sharing networks on conservation-based agriculture;</p> <p><b>(c) Strengthen</b> the institutional and technical capacity of stakeholders to integrate conservation-based agriculture in their mandates and current activities; and</p> <p><b>(d) Support</b> smallholder agricultural systems in building-up resiliency to adverse climate change phenomena.</p>	<ul style="list-style-type: none"> <li>• Out of targeted 70,000 agriculture stakeholders; 35,000 expected to improve knowledge and understanding of conservation-based agriculture and 20,000 expected to adopt technique (28 per cent)</li> <li>• Measurable conservation and social benefits (e.g. higher crop yields, income increase)</li> <li>• Land use policies addressing environmental conservation issues in all six islands</li> <li>• Positive trends in reducing land degradation and security of farmers' income and food</li> </ul>	<ul style="list-style-type: none"> <li>• Partner project reviews and evaluations</li> <li>• Environment and socio-economic surveys by scientific and technical institutions</li> <li>• Site visits and observations</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing management units and activities with other IOC networks</li> <li>• IOC Council of Ministers official request and commitment</li> <li>• Cofinancing approved by the European Union, France, African Development Bank</li> </ul>
<b>Outputs/  Key Activities</b>	<p><b>1. Information and Sensitization</b> Better informed policymakers on conservation-based agriculture. All relevant stakeholders sensitized.</p> <p><b>2. Knowledge-sharing</b> IOC information system will be reinforced to become a full fledged regional network. Encouraging experience sharing and exchange visits by representatives from farmers' organizations.</p> <p><b>3. Capacity-building</b> Centre of excellence created in each of the four IOC member states and the United Republic of Tanzania (not a member state).</p> <p><b>4. Existing agricultural systems adapt to climate change</b> Carrying out climate change vulnerability assessments in IOC member states lacking NAPAs, with special focus on target groups.</p>	<ul style="list-style-type: none"> <li>• Future agricultural projects in all six islands implement environmental conservation measures</li> <li>• Operational IOC regional network on conservation-based agriculture</li> <li>• 12 organized workshops, about 64 training sessions and 8 exchange visits by farmers</li> <li>• 80,000 rural households adopting conservation-based agriculture</li> <li>• About 6-10 partner projects mastering conservation-based agriculture techniques</li> <li>• Commitment and funds to climate change</li> <li>• Quality of climate change vulnerability assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Political meetings and donor strategies</li> <li>• Policies, plans and programmes</li> <li>• Fully operational regional network on conservation-based agriculture</li> <li>• Usage of website and services by farmer organizations and NGOs</li> <li>• Cooperation agreements</li> <li>• Financing decisions</li> <li>• Project documents</li> <li>• Completion of vulnerability assessments</li> <li>• Project reports and publications</li> </ul>	<ul style="list-style-type: none"> <li>• Political commitment</li> <li>• Stakeholders interest and motivation</li> <li>• Willingness to share information and data</li> <li>• Political support</li> <li>• Institutional cooperation and coordination at national and regional levels</li> <li>• Coherence and coordination among institutions and donors</li> <li>• Use of existing land degradation monitoring systems in each member state as a basis</li> </ul>

## **Support to PhytoTrade Africa 2009-2010 – The Southern African Natural Products Trade Association**

### **I. Background**

1. Within Southern Africa, IFAD, like other donors, has tended to focus its efforts principally on smallholder agricultural production and marketing. While agriculture is an important economic activity, it is not sufficient in the marginal and dry areas, where the need for alternative income streams is most critical and the opportunities for off-farm employment and petty trade are limited.
2. Rural Southern Africa does have one very significant, but often overlooked, asset – its biodiversity. Nearly 60 per cent of the region's landmass is covered in forest and woodland, with exceptionally high levels of species diversity. There are over 30,000 plant species within Southern Africa, encompassing eight different vegetation zones. Five of these are classified as zones of high endemism, giving them prominence on a global map of biodiversity hotspots.
3. On a global scale, the commercial use of biodiversity products (more often called natural products) is big business. Over the last two decades, the market opportunities for plant-derived products in the cosmetics, pharmaceutical and food and beverage sectors have experienced consistent double-digit growth, with every sign that this trend will continue. The overall market for natural products is estimated at more than US\$60 billion a year. Combined sales in the European and United States natural personal care markets alone were some US\$14 billion a year by 2007 and forecast to exceed US\$20 billion a year by 2011.
4. This presents a new potential income stream to rural producers in Southern Africa. A systematic attempt to commercialize indigenous floristic resources in the region could help low-income producers to: (a) develop, and benefit from, new economic opportunities in areas where such opportunities are sparse, thereby securing their livelihoods in marginal rural areas; (b) become meaningful partners in a buoyant and expanding sector of the global economy; (c) use their existing biodiversity to their own commercial advantage, obviating the need for arable conversion while also inhibiting environmental degradation; and (d) reduce their dependency on drought-prone arable crops.

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

5. Small-scale Southern African producers have several very clear competitive advantages in the natural products sector. The majority of natural products are derived from natural savannah or woodland, and – to be commercially viable – need to be harvested in substantial volumes: requirements that are well met by the communal areas to which the rural poor have access. In addition, many natural products are very labour-intensive in their production – a feature that favours dryland communal producers over commercial growers. Finally, the natural products industry is characterized by a strong consumer demand for evidence of fair trading practices and environmentally sustainable production, both of which rural African communities are well equipped to provide.
6. Several major challenges need to be overcome to develop this trade. Foremost among these are: (a) the lack of coordinated investment in developing natural products suitable for production by small-scale Southern African producers; (b) unresolved difficulties in ensuring a continued and assured supply, and a reliable and consistent quality, of a product in order to create and sustain an export market; and (c) lack of capacity to cultivate demand for exotic natural products that are largely unknown in export markets.



7. In 2001, a group of NGOs across Southern Africa came together to address these challenges. Among them they recognized that: (a) natural products presented a unique opportunity to promote poverty reduction and biodiversity conservation in rural areas across the region; (b) a business-based approach to sustainable development was more likely to succeed than an aid-based approach; (c) if the natural products industry was to benefit poor people, it would need to be set up from the very beginning with this aim in mind; and (d) if the industry was to succeed, it would need the full involvement and buy-in of the private sector.
8. In the time it has been operational, PhytoTrade has shown conclusively, first, that there are high-value commercial markets for natural products harvested from across the region; second, that poor rural communities can take advantage of these opportunities and benefit from them; and third, that it has a vital strategic and catalytic role to play in developing the market. Its institutional model, a business-based approach in the service of a development goal, is appropriate and is already yielding important results in terms of research outputs, commercial contracts for its members, and income streams for rural harvesters.
9. In March 2008, IFAD sponsored an independent grant evaluation to review progress towards the attainment of PhytoTrade's overall objectives. The evaluation report provides data and analysis that underscores the results achieved so far. In its concluding section, the evaluation report states that, "the mission of the Association is far from over." PhytoTrade's work programme 2008-2010 comprises a continuation and further elaboration of the established four activity areas. It is likely that new institutional arrangements will be needed to cope with two particular difficulties that have emerged, namely: (a) the optimum arrangements for mobilizing the high-cost aspects of research into natural ingredients; and (b) the most cost-effective way of facilitating the for-profit trading activities of members without PhytoTrade itself becoming, or being seen to be, a business or compromising the other important functions of the organization.

### III. The proposed programme

10. The programme's overall goal is to enable poor rural communities in Southern Africa to generate supplementary incomes through the sustainable exploitation of natural products. To achieve this goal, the programme has set as its objective the development of an enduring and equitable natural products industry in the region, based on natural resources accessible to poor rural communities.
11. The two-year programme will comprise four main components:
  - (i) Natural products research and development;
  - (ii) Natural products market development;
  - (iii) Natural products supply chain development; and
  - (iv) Institutional development.

### IV. Expected outputs and benefits

12. The expected outputs and benefits are the following:
  - (i) **Natural products research and development.** A range of new Southern African natural products will have been researched, prioritized and introduced to the market. This will be assessed in terms of the existence and status of a product development pipeline process, the number of research and development projects under way and the number of products ready for commercial launch.
  - (ii) **Natural products market development.** Increased market opportunities will have been developed for trade in Southern African natural products. Indicators will include awareness levels within the

market relating to African products, the number and variety of commercial buyers for these products, the volume and value of sales made, and progress towards attainment of regulatory requirements for each product.

- (iii) **Natural products supply chain development.** A robust regional supply chain, with appropriate access and benefit-sharing mechanisms, will be in place for fair trade, sustainably sourced African natural products. This will be measured through assessments of the match between demand and supply for products, the number and diversity of producers for each product, the volume and value of trade passing through the supply chain, the proportion of products coming from certified sources, and evidence of operational environmental sustainability strategies.
- (iv) **Institutional development.** Primary producers will be represented and supported through a strong and active trade association. Indicators will include the proportion of members engaged in trade, investments made by members in the natural products sector, positive changes in the regulatory environment (locally, nationally and internationally), the proportion of core costs covered from self-generated revenue and the existence of appropriate intellectual property management strategies.

## V. Implementation arrangements

13. The programme will be implemented directly by PhytoTrade Africa, although many of its impacts will be realized through its members, and through its many commercial and research and development partners.
14. PhytoTrade Africa is an independent not-for-profit regional trade association with its own legal personality, registered in South Africa. It is a membership organization, deriving its existence from the collective will of its members, which are composed of rural producer associations, cooperatives and small and medium rural entrepreneurs. It does not itself engage directly in natural products trade, but facilitates the development of commercial trading arrangements between its members and its commercial partners (with whom it has signed memorandums of agreement).
15. The programme will be supervised each year by IFAD. In addition, external evaluations will be commissioned, for mid-term course adjustments and end-of-term assessment.
16. Recognizing the importance of having a comprehensive and effective impact monitoring programme, PhytoTrade's monitoring and evaluation staff oversees a systematic process of data collection that results in monthly internal management reports and a detailed annual impact monitoring report for public circulation. Complementing this system's data, three long-term field studies will be undertaken in different locations within the region, monitoring, at household level, the impacts arising from commercialization of natural products.
17. PhytoTrade is well placed to contribute to the attainment of the IFAD Strategy for Knowledge Management. Because it is a membership-based association, embarked on an innovative and essentially experimental approach, the generation and systematic dissemination of new knowledge is a fundamental part of its corporate culture. PhytoTrade has become a very effective centre of knowledge management with a strong focus on embedded learning. Emphasis will be placed on spreading this knowledge more widely, sharing it with IFAD country programmes and other partners within appropriate regional learning networks, such as the Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa, a regional initiative on enhanced market access and knowledge management (hosted by SNV in Uganda), and FIDAFRIQUE, a regional knowledge management network based in Nairobi.

## VI. Indicative programme costs and financing

18. The programme budget is derived from PhytoTrade's Strategic Plan 2008-2010, with minor updates based on newly identified income sources. Although the work programme budget is presented in euros, this budget is presented in United States dollars, converted at a rate of EUR 1:US\$1.60.
19. The total programme cost amounts to approximately US\$4.6 million. Of this amount, non-donor sources (comprising membership subscriptions, sales commissions, loan repayments, consultancies and loan financing) will contribute US\$0.8 million, representing 18 per cent. IFAD's proposed contribution will be US\$1.2 million (26 per cent). Private sector co-investments, primarily in the form of contributory research and development costs, will amount to US\$0.7 million (16 per cent). Other donors whose contributions have already been confirmed include the International Finance Corporation (World Bank Group), Hivos, the Doen Foundation, and the International Union for Conservation of Nature, for a total amount of US\$1.8 million (40 per cent).
20. The total proposed IFAD grant will be US\$1.2 million. In line with PhytoTrade's strategy towards financial independence, this will be front-loaded, with US\$0.8 million in the first year and US\$0.4 million in the second year.
21. As already highlighted, PhytoTrade's founders established it with the specific intention of making it a permanent player in the natural products industry. The ultimate aim is to finance most of its recurrent expenditure through the recovery of commissions on sales made by its members. Given that these commissionable sales have experienced growth rates consistently in excess of 60 per cent per annum over the last few years, this is clearly an attainable target and should happen by 2015. In the shorter term, however, PhytoTrade's financial dependence on donors (covering nearly 90 per cent of expenditure in 2007) will be reduced through a combination of measures. These will include introducing a new opportunity for private-sector co-investment (raising private investments from less than 5 per cent in 2007 to over 20 per cent by 2010) and steadily lowering recurrent costs (especially through the reduction in personnel). As PhytoTrade moves towards maturity, recurrent costs are expected to decline. Inputs from personnel involved in primarily developmental activities (e.g. the provision of technical training and capacity-building for members) will be reduced as trade matures and members build up the resources to finance their own training. Reduced personnel will also translate into reduced administrative costs.

### Summary of budget and financing plan

(Thousands of United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cost-sharing and revenues</i>	<i>Private sector</i>	<i>Cofinancing by other donors</i>
Business development	180	124	116	269
Industry development	180	117	110	263
Membership support	45	27	25	56
Equipment and furniture	35	24	22	52
Personnel	530	370	337	820
Travel and subsistence	135	93	82	204
Administration	95	65	58	142
<b>Total</b>	<b>1 200</b>	<b>820</b>	<b>750</b>	<b>1 806</b>

## Results-based logical framework

	<i>Objectives-hierarchy</i>	<i>Objectively verifiable indicators</i>	<i>Means of verification</i>	<i>Assumptions</i>
<b>Goal</b>	To enable poor rural communities in Southern Africa to generate supplementary incomes through the sustainable exploitation of natural products (NPs).	<ul style="list-style-type: none"> <li>Increased cash income accruing to communities from production and marketing of NPs.</li> <li>Number of primary producers deriving supplementary cash incomes from NPs.</li> </ul>	<ul style="list-style-type: none"> <li>Members' statistical returns</li> <li>External evaluations</li> </ul>	
<b>Objectives</b>	Development of an enduring and equitable NP industry in Southern Africa based on natural resources accessible to poor rural communities.	<ul style="list-style-type: none"> <li>Quantities of community-derived NPs supplied.</li> <li>Number of products developed and marketed.</li> <li>Value added to NPs within the region.</li> </ul>	<ul style="list-style-type: none"> <li>Members' statistical returns.</li> <li>Commercial partners' reports.</li> </ul>	<ul style="list-style-type: none"> <li>Communities have legal access to primary resources.</li> <li>Communities are willing and able to respond to NP trade opportunities.</li> </ul>
<b>Outputs/ Key activities</b>	1. Range of new Southern African NPs researched, prioritized and introduced to the market.	<ul style="list-style-type: none"> <li>Existence and status of product development pipeline process.</li> <li>Number of research and development projects underway.</li> <li>Number of products ready for commercial launch.</li> </ul>	<ul style="list-style-type: none"> <li>Literature lists and research dossiers on pipeline and focal species.</li> <li>Research and development reports and product samples.</li> <li>Product profiles and journal reports.</li> </ul>	<ul style="list-style-type: none"> <li>The global trend towards fairly traded NPs from Africa is sufficiently strong to leverage private-sector investment in product research development</li> </ul>
	2. Increased market opportunities developed for trade in Southern African NPs.	<ul style="list-style-type: none"> <li>Market awareness levels of products.</li> <li>Number, geographical distribution and sectoral diversity of buyers.</li> <li>Volume and value of relevant NPs sold.</li> <li>Progress towards regulatory requirement.</li> </ul>	<ul style="list-style-type: none"> <li>Market awareness surveys.</li> <li>Purchase/sales records from members.</li> <li>Articles in trade journals and consumer publications, and other relevant media.</li> <li>Trade show reports.</li> </ul>	<ul style="list-style-type: none"> <li>No unexpected legislative restrictions on African imports.</li> <li>International quality specifications attainable for African producers.</li> </ul>
	3. Robust regional supply chain with access and benefit-sharing mechanisms in place for fair trade, sustainably sourced African NPs.	<ul style="list-style-type: none"> <li>Match between current demand/supply.</li> <li>Number and diversity of producers.</li> <li>Volume and value of annual trade.</li> <li>Proportion of NPs from certified sources.</li> <li>Environmental sustainability strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Order records.</li> <li>Certification records.</li> <li>Minutes of relevant access and benefit-sharing meetings.</li> <li>Documented sustainability strategies.</li> <li>Carbon offset records.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing viability of NP trade.</li> <li>Existence of relevant certification standards.</li> <li>National legislation allows benefit-sharing arrangements.</li> </ul>
	4. Primary producers represented and supported through a strong and active trade association.	<ul style="list-style-type: none"> <li>Proportion of members engaged in trade.</li> <li>Membership renewals.</li> <li>Investments made by members.</li> <li>Positive changes in regulations.</li> <li>Proportion of core costs self-covered.</li> <li>Existence of appropriate intellectual property (IP) management strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Membership records and applications.</li> <li>Annual reports and audited accounts.</li> <li>External consultancy reports (annual reviews, evaluations, etc.).</li> <li>Policy and regulations for NP trade.</li> <li>IP management records.</li> </ul>	<ul style="list-style-type: none"> <li>Potential value of NP trade in region large enough to sustain core activities of PhytoTrade.</li> <li>Development partners see continued value in supporting NP commercialization.</li> </ul>

## **Rural Finance Knowledge Management Trust – Phase II**

### **I. Background**

1. In September 2008, the Executive Board approved a grant of US\$1.3 million for the Rural Finance Knowledge Management Partnership - Phase II.
2. The overall goal of the three-year programme is to improve the standard of living of rural poor in the Eastern and Southern Africa region by improving their access to appropriate and sustainable financial services.
3. The development objective of the programme is to improve the delivery, outreach, appropriateness and sustainability of financial services for poor people in rural areas of the region.
4. The programme has three components: capacity support; knowledge management; research and roll-out.

### **II. Rationale**

5. IFAD's Eastern and Southern Africa Division is realigning and streamlining its regional grants portfolio to improve the sustainability of activities, particularly in the area of knowledge management. Better sharing of knowledge, lessons and best practice is crucial to IFAD's efforts to increase the effectiveness, relevance and efficiency of its efforts to reduce rural poverty. Thematic networks such as the Rural Finance Knowledge Management Partnership are an important foundation for successful knowledge sharing in and across countries in the region.
6. IFAD would wish to anchor the Rural Finance Knowledge Management Partnership in an established rural finance institution in the region, in order to strengthen that institution, and to move towards sustainability of the activities and services provided under the grant.
7. Therefore, IFAD requests Executive Board approval to change the recipient of the Rural Finance Knowledge Management Partnership – Phase II, from Kenya Gatsby Trust (KGT) to the African Rural and Agricultural Credit Association (AFRACA). AFRACA is an association of financial institutions that provide financial services to rural people in Africa, and has been the recipient of several IFAD-funded grants. It has demonstrated a strong capacity to deliver on IFAD grant objectives. AFRACA's mission is to improve the rural finance environment through the promotion of appropriate policy frameworks, and to support member institutions in providing sustainable quality financial services to the rural population. This is consistent with the goal and objectives of the Rural Finance Knowledge Management Partnership – Phase II. IFAD believes that AFRACA will be a more robust and strategic partner in the implementation of this grant programme. All other aspects of the grant design document will remain as approved by the Executive Board in September 2008.
8. AFRACA will be responsible and accountable for retroactive expenses incurred by KGT related to services provided to lay the groundwork for the Rural Finance Knowledge Management Partnership – Phase II during the period August to December 2008.

**Summary of budget and financing plan**

(Thousands of United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>
Technical assistance	271 746
Studies and workshops	236 813
Dissemination of support packages	253 725
Salaries	283 725
Office operating costs	149 429
Office equipment	19 700
Management fee	84 861
<b>Total</b>	<b>1 300 000</b>

