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Enabling poor rural people
to overcome poverty

**President's report on a proposed grant
under the country-specific grants
window to the Foundation of the
Peoples of the South Pacific
International**

**for the Mainstreaming of Rural
Development Innovations Programme
in the Pacific – Phase II**

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

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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

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Contents

Abbreviations and acronyms	ii
Recommendation for approval	iii
Part I – Introduction	1
Part II – Recommendation	1
Annex	
Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II	2
Appendix	
Results-based logical framework	1

Abbreviations and acronyms

CBOs	community-based organizations
FSPI	Foundation of the Peoples of the South Pacific International
MORDI	Mainstreaming of Rural Development Innovations

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant under the country-specific grants window to the Foundation of the Peoples of the South Pacific International for the Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II, as contained in paragraph 6.

President's report on a proposed grant under the country-specific grants window to the Foundation of the Peoples of the South Pacific International for the Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II

I submit the following report and recommendation on a proposed grant under the country-specific grants window to the Foundation of the Peoples of the South Pacific International in the amount of US\$1.5 million.

Part I – Introduction

1. This report recommends the provision of IFAD support to the Foundation of the Peoples of the South Pacific International (FSPI).
2. The document of the grant for approval by the Executive Board is contained in the annex to this report: Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II.
3. The objectives and content of the programme 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, which was approved by the Executive Board in December 2003, are:
 - (a) Promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and/or
 - (b) Building pro-poor capacities of partner institutions, including community-based organizations and NGOs.
5. The grant proposed in this document responds to the strategic objectives defined in the IFAD Strategic Framework 2007-2010, which has the overarching strategic goal of enabling poor rural women and men in developing countries achieve higher incomes and improved food security. In particular, this grant promotes the strategic objectives of supporting the household food-security of groups in remote and marginalized agroecological areas; 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; the sustainable and productive management of natural resources, including sustainable utilization and conservation of such resources; 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; and strengthening of networks for pro-poor knowledge generation and exchange.

Part II – Recommendation

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

RESOLVED: that the Fund, in order to finance, in part, the Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II, shall make a grant not exceeding one million five hundred thousand United States dollars (US\$1,500,000) to the Foundation of the Peoples of the South Pacific International 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.

Lennart Båge
President

Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II

I. Background

1. In line with IFAD's subregional strategic opportunities paper for Pacific Island Countries, the Mainstreaming of Rural Development Innovations (MORDI) Programme in the Pacific was approved by the Executive Board in December 2004 as a six-year programme to be implemented over two distinct phases. The Executive Board approved grant financing of US\$2 million for the first phase of the programme, for which an agreement between IFAD and the Foundation of the Peoples of the South Pacific International (FSPI) was signed in May 2005. Programme implementation commenced in Fiji in mid-2006 and in Kiribati and Tonga in 2007.
2. The decision to support a second phase was dependent on a midterm review of programme performance and its impact on the target group. This midterm review was conducted in April 2008 resulting in a recommendation for IFAD to consider financing a second phase of the programme for a further two-year period.

II. Rationale and relevance to IFAD

3. Many Pacific Island communities, particularly those living in remote areas, are faced with a gradual breakdown in social cohesion caused by persistently weak governance and failure to provide basic services, and by a progressive breakdown of the traditional structures that provide "safety nets" for vulnerable families and individuals. This erosion of social cohesion affects women and young people first and most severely as these are the groups with the least resilience to shocks and setbacks. In addition, there has been a sustained failure by governments and other service providers to address the legitimate social and economic needs of remote rural communities. The rural poor are largely excluded from official policy formulation processes and do not receive an equitable share of government development resources.
4. For some time, Pacific Island Countries have been experiencing rising food prices associated with higher fuel and transportation costs. The reliance on food imports is leaving these countries vulnerable to rising global food prices, which has a major impact on the balance of payments and on the purchasing power of the population. The impact of the current food price increases is felt most profoundly by the poorest members of society, as they spend a large proportion of their income on food. These people are usually rural.
5. The Pacific subregion is acknowledged by development partners as an extremely challenging implementation environment. Therefore, the concept of providing development funding to remote rural communities within a framework of prioritized development plans supported by a community facilitator is both timely and innovative. As donors have been frustrated by lack of sustainability and inefficient government delivery in past activities, the MORDI model is being regarded with interest and approval as a functional alternative approach.
6. The proposed programme is strongly aligned with the Fund's strategic objectives for achieving higher incomes and improved food security for the poorest rural communities in the Pacific Islands. The programme will achieve this by: focusing on local food security and on technologies that build on traditional local/indigenous knowledge; supporting the sustainable and productive management of natural resources; assisting communities and community-based organizations in engaging more effectively with policymaking and planning processes, markets and external support services; and strengthening networks for pro-poor knowledge generation and exchange.

III. The proposed programme

7. The overall goal of the programme is to improve the livelihoods of vulnerable communities, especially young people and women, living in remote areas of Pacific Island Countries. This second phase will target an expanded number of communities in Fiji, Kiribati and Tonga and will begin activities in the Solomon Islands. As a result of the sustainable development approach adopted in the first phase, the programme will be in a position to exit from Fiji and Tonga by the end of 2010.
8. The second phase of the programme will comprise four components:
 - **Community empowerment.** The objective is to strengthen the institutional capacity of target communities and community-based organizations (CBOs), particularly those involving young people and women. In order to achieve this objective, MORDI programme recruits and trains community facilitators to establish an operational interface between the programme and the target communities.
 - **Economic empowerment.** The objective is to address rural communities' lack of access to employment opportunities, financial services, markets and relevant technologies and information. The MORDI programme will establish a separate community support fund in each participating country to provide financial support for activities identified by target villages and community groups within these villages. The fund is composed of (i) category I: community projects; and (ii) category II: economic projects (aimed generally at individuals or groups of individuals).
 - **Learning, sharing and scaling up.** This component seeks to address the information and policy constraints faced by communities and CBOs in remote areas by: (i) documenting and sharing best practices and innovations; (ii) identifying key policy issues, and assisting communities and CBOs in linking up more effectively with policy, planning processes, markets and external support services. Lessons learned from phase one point to the need for a simplified monitoring and evaluation system with clearly defined frameworks for data collection and analysis.
 - **Programme management.** Regional programme coordination will be undertaken by FSPI, which in turn will be guided by the Programme Advisory Committee. National-level structures vary from country to country. Each country partner is guided by a national advisory committee, under the overall management of FSPI. Programme management is intended to reflect the essential features of MORDI: (i) broad ownership at all levels; (ii) multistakeholder partnership; (iii) implementation through civil society organizations; (iv) programme flexibility to enable country structures and processes to respond to diverse country situations in the subregion; and (v) a grass-roots approach to determine policy agendas and the provision of financial and technical support services.
9. The main lessons learned from the programme's first phase have been incorporated into the new phase. These are summarized below.
 - Programme design is considered valid and is still highly relevant.
 - The cost in terms of financial and human resources of enabling effective community engagement in planning, implementation and evaluation of rural development projects in the Pacific is high and must be adequately provided for in programme budgets at design;

- There is a need for more effective cost control and financial management at the regional and national levels.
- The project advisory committee needs to be more active and provide independent oversight.
- Adequate training and “investment-in-the-process” are prerequisites for concrete constructive planning and implementation at the community level.
- More attention to gender is required during the planning processes.
- Effective monitoring and evaluation systems must be developed at the outset and embedded within the planning and implementation processes.

IV. Expected outputs and benefits

10. The following outputs and benefits are foreseen:
- Existing CBOs – including young people’s and women’s groups and other local community institutions – will be strengthened;
 - Increased employment and sustainable livelihood opportunities in targeted communities, especially for young people and women;
 - Effective and sustainable mechanisms and tools in place for documentation and sharing of learning from best practices and innovation; and
 - Effective and sustainable processes will be established that enable remote rural communities to link up with national policy and planning processes.

V. Implementation arrangements

11. FSPI will be the executing agency and will be responsible for overall programme coordination. Programme guidance will be provided by a programme steering committee established at the regional level, which will be composed of regional NGO umbrella agencies, regional organizations and the private sector. National advisory boards are established at the country level, and day-to-day management and implementation is decentralized to the country level. Programme management structures at the national level are tailored to the specific situations of individual countries. Each country programme office is responsible, inter alia, for: (i) establishing and operating a MORDI fund; and (ii) providing community support services through partnership arrangements with NGOs and other service providers and in collaboration with the field staff of the respective government agencies. The country managers appointed by the FSPI will be responsible for transparent financial management, procurement, timely audit and financial reporting with regard to the activities of the respective country programme offices. More generally, the FSPI will coordinate and maintain an appropriate level of accounting specifications, consolidation of accounts, and financial control and will ensure timely financial reporting and audit for the programme.

VI. Indicative programme costs and financing

12. The programme will follow a demand-driven approach that allows for adjustments to be made to adapt to the individual situations and needs of the various PICs. The MORDI programme was originally approved as a six-year programme, with an IFAD contribution of US\$5.6 million. Based on the experience and results achieved during phase I, the programme has been revised to include an additional two years. It is proposed that IFAD provide financing through a country-specific grant for the second phase in the amount of US\$1.5 million. A decision regarding the

continuation to a third phase – from 2011 to 2014 – will be taken upon completion of a review at the end of the second phase to assess programme performance and impact on the target group.

Summary of budget and financing plan

(In thousands of United States dollars)

<i>Type of expenditure</i>	<i>2009</i>	<i>2010</i>	<i>Total</i>
Salaries – regional	73 300	73 300	146 600
Salaries – national	112 500	98 100	210 600
Travel, per diem, communications	100 000	102 800	202 800
Training, technical assistance and workshops	250 000	250 000	500 000
Community development funds	190 000	190 000	380 000
Administration costs	30 000	30 000	60 000
Total	755 800	744 200	1 500 000

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators 1/	Means of verification	Risks
Goal	To improve livelihoods of vulnerable communities, especially youth & women, living in remote rural areas in Pacific Islands Countries, in line with the Millennium Development Goals	<ul style="list-style-type: none"> % Reduction in the percentage of people living below the poverty line % Increased enrolment rates in primary and secondary schools, by gender 	Secondary data such as Annual Statistics of relevant Government Agencies	<ul style="list-style-type: none"> National Governments not interested to cooperate and take leadership in the programme Regional and/or national level NGOs unable to work together Natural disasters occur
Objectives	<p>Component 1: Existing community-based organizations (CBOs) – including youth & women groups and other community institutions - strengthened</p> <p>Component 2: Employment and sustainable livelihood opportunities in targeted communities increased, especially for youth and women</p> <p>Component 3: Effective and sustainable mechanisms and tools in place for documentation and sharing of learning from best practices & innovations across the region</p> <p>Component 4: Effective and sustainable processes established that enable remote rural communities to link with national policy & planning processes</p>	<ul style="list-style-type: none"> No CBOs operational/functional after three years support was received % increase in average HH income in targeted areas % increase in youth employment rates No of HHs that have diversified their income sources No CBOs adopting at least one innovation promoted by the project No policy proposals approved No communities receiving services of partners NGOs and services providers No of beneficiaries 	<ul style="list-style-type: none"> MORDI Annual Outcome Monitoring Exercise (including PME and annual surveys) Reports and data from income-generating supporting service delivery agents Participants satisfaction surveys Case studies Employment statistics from local authorities Participants satisfaction surveys 	<ul style="list-style-type: none"> Poor quality of basic services provided to the communities Communities, especially women and youth, not interested Poor quality of livelihood support services provided Agencies refuse to share information Poor quality of NGO and other partners' documentation Governments reluctant to consider policy recommendations;
Outputs	<p>Component 1</p> <ul style="list-style-type: none"> Participatory needs assessments conducted in targeted communities, and baseline community data established Community Development Plans prepared Local governments, NGOs networks, and private services providers contacted and involved in supporting the implementation of the Community Development Plans <p>Component 2</p> <ul style="list-style-type: none"> CBOs trained in preparing investment plans and proposals for submission to MORDI Fund CBO investment plans prepared and submitted CBOs contributions for implementation of investment plans committed <p>Component 3</p> <ul style="list-style-type: none"> Relevant pro-poor innovations and best practices identified and documented Documentation and information material shared among partners NGOs and CBOs Pilots and field trials of innovations and best practices conducted to assess adaptability to targeted communities Partner NGOs and CBOs supported to adopt and replicated best practices and innovations Policy proposals based upon bottom up feedback from NGOs and CBOs formulated and submitted <p>Component 4</p> <ul style="list-style-type: none"> National Programme Governance and Management Structure established in each country, including Multi-Stakeholder National Advisory Board, MORDI Country Office MORDI Fund established in each country Policy workshops held at the regional and country level Key Policy related issues identified using a bottom-up approach, assessed, and policy advises developed 	<ul style="list-style-type: none"> 70 rural communities assisted in 3 countries No of CBOs supported No of PRA conducted and baseline community data established in targeted communities No of community development plans established No of CBOs involved in capacity building activities for economic empowerment No of CBOs members trained in economic empowerment by gender No of CBO investment plans submitted Amount of local contribution committed No and type of innovations identified and documented No of items of information and documentation material produced No of pilots/ field trials conducted No of CBOs supported to replicate best practices and innovations No of policy proposals submitted 4 countries with National Programme Governance and Management Structures established 8 country workplans prepared No of districts and communities selected in each country No of partner institutions engaged, by type No of policy reviews and workshops held in each country No of policy issues reviewed No of policy advices and recommendations submitted 	<ul style="list-style-type: none"> MORDI National Management Data Facilitation team field reports PRA needs assessment documents prepared Community Development Plans documents Community self assessment reports Reports and data from service delivery agents MORDI Funds Records CBOs financial records Reports and data from income-generating supporting service delivery agents Knowledge products produced NGOs/services providers' records and feedback Workshops, reviews, assessments, and exchange visits reports M&E data and reports 	<ul style="list-style-type: none"> NGOs/CBOs not present in remote communities in some countries Community leaders in selected districts unwilling to cooperate Poor and most vulnerable community members unable to actively participated in PRA Women & youth not sufficiently literate & numerate to be able to prepare investment proposals Lack of banking infrastructure in remote communities Inherent limitations of remote areas in relation to communication, transport and market linkages; Limited range of skills of facilitators on some topics to be introduced NGOs unable to work effectively together Targeted communities see innovations seen as threat to traditional risk management strategies Lack of qualified community facilitators, especially women Stakeholders fail to reach consensus on policy submissions; Governments refuse to accept or act on policy submissions

1/ Performance Targets to be defined in annual planning workshops as a part of the Result Oriented AWPB process