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Enabling poor rural people
to overcome poverty

President's report

Proposed loan to the Republic of Zambia for the

Smallholder Agribusiness Promotion Programme

Executive Board — Ninety-seventh Session
Rome, 14-15 September 2009

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Contents

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

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Republic of Zambia for the Smallholder Agribusiness Promotion Programme, as contained in paragraph 35.

Map of the programme area

Republic of Zambia

Smallholder Agribusiness Promotion Programme



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

Republic of Zambia

Smallholder Agribusiness Promotion Programme

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of Zambia
Executing agency:	Ministry of Agriculture and Cooperatives
Total programme cost:	US\$23.5 million
Amount of IFAD loan:	SDR 12.9 million (equivalent to approximately US\$20 million)
Terms of IFAD loan:	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Contribution of borrower:	US\$1.5 million
Contribution of beneficiaries:	US\$2.0 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan to the Republic of Zambia for the Smallholder Agribusiness Promotion Programme

I. The programme

A. Main development opportunity addressed by the programme

1. The programme is a public-private endeavour to reduce rural poverty by stimulating rural economic development through the transformation of small-scale producers into profitable farmers. It will seek to improve the effectiveness of policies and practices related to agribusiness and marketing, and to accelerate growth in agribusiness based on small-scale producers. The programme will adopt a two-pronged approach that combines (i) direct interventions at critical points in value chains to connect small-scale farmers with input suppliers and markets, and (ii) initiatives to address weaknesses in the enabling environment for rural commercial development.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide a loan to the Republic of Zambia in the amount of SDR 12.9 million (equivalent to approximately US\$20 million) on highly concessional terms to help finance the Smallholder Agribusiness Promotion Programme. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

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

3. The allocation defined for Zambia under the PBAS is US\$20 million over the 2007-2009 allocation cycle.

Country debt burden and absorptive capacity of the State

4. In 2000, Zambia qualified for inclusion under the Enhanced Heavily Indebted Poor Country (HIPC) Debt Initiative. A poverty reduction strategy paper was prepared in 2002 and the country adopted a macroeconomic stabilization programme, featuring prioritization of pro-poor expenditure, privatization of state-owned enterprises, and deceleration of inflation to single-digit level. The HIPC conditions were achieved in April 2005, with creditors agreeing to write off two thirds of the external debt. The reduced debt burden and increased foreign investment triggered a period of economic growth in the industrial and service sectors.

Flow of funds

5. Proceeds of the loan will be channelled by the Ministry of Agriculture and Cooperatives through a designated account to the operations account managed by programme staff, based on progress reports and approved annual workplans and budgets.

Supervision arrangements

6. The programme will be directly supervised by IFAD.

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

7. None.

Governance

8. In addition to competitive bidding for contracts, transparent administrative and financial procedures, and annual audits in compliance with IFAD guidelines, the following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) publicity and awareness campaigns to ensure transparency in

programme planning and implementation so that potential beneficiaries, local NGOs and civil society are aware of what they are entitled to expect, (ii) recruitment of a procurement and contracts officer, as part of the programme staff, with responsibility for monitoring contractor performance. The IFAD country programme management team, with the support of the country officer, is engaged in ensuring proper loan administration and financial management processes are in place and followed by all projects, consistent with IFAD guidelines and government systems, where applicable.

C. Target group and participation

Target group

9. The target population consists of around 30,000 small-scale farming households who are either organized in enterprise groups or have the potential to join groups that can be better linked to markets. Most of these are small-scale farmers, about 80 per cent of whom are poor and 66 per cent extremely poor. The target households already engage in some market-oriented production and need assistance in improving their marketing operations, diversifying production, and processing and value-adding. More than half of the direct beneficiaries will be women.

Targeting approach

10. In accordance with the IFAD Policy on Targeting, the main targeting measure will be the provision of direct support to farmers' organizations aimed at strengthening their capacity and linking them to markets, and enabling more vulnerable men and women smaller-scale farmers to join such organizations. Commodity screening and selection criteria will include consideration of the role of women in different value chains. Value chain analyses will assess where women have played or could play a significant role, for example as small-scale traders or in value-adding activities; where they face specific constraints such as poor access to finance or technical support; and how to ensure that services reach women.

Participation

11. The value chain analysis has been designed as a participatory process that involves stakeholders at each stage, including in the development of intervention plans. Farmers' groups will be assisted in participating in the planning, implementation, and monitoring and evaluation of activities.

D. Development objectives

Key programme objectives

12. The overall goal is to increase the income levels of poor rural households involved in the production, value adding and trade of agricultural commodities. The programme aims to achieve this by increasing the volume and value of agribusiness based on the output of small-scale producers.

Policy and institutional objectives

13. The programme will implement activities designed to improve the enabling environment for agribusiness development, with a focus on institutional strengthening and programme management capacity. Outputs will include enhanced policies and practices that promote: (i) viable agribusiness as a poverty reduction strategy; (ii) increased capacity to deliver support services, which are regarded as a public good, to small-scale farmers operating in or about to enter markets and to other value chain operators; and (iii) effective implementation capacity, knowledge management, programme coordination, results measurement and reporting.

IFAD policy and strategy alignment

14. The programme builds on lessons learned from recent IFAD initiatives in Zambia. It supports the promotion of smallholder commercialization, including the establishment of equitable linkages between small-scale producers and agribusiness operators. The programme is congruent with the IFAD Strategic Framework

2007-2010, in particular the strategic objectives of creating transparent and competitive markets for agricultural inputs and produce, and expanding opportunities for rural off-farm employment and enterprise development.

E. Harmonization and alignment

Alignment with national priorities

15. The programme is a practical vehicle for the policy stance of the Government supporting the reduction of poverty through smallholder commercialization and targeted support for agribusiness and marketing, in conjunction with private-sector partners. Within this policy framework, the Ministry of Agriculture and Cooperatives is expected to focus on its core functions, which include policy formulation, and preparation and enforcement of legislation and regulations.

Harmonization with development partners

16. The programme has been developed in full consultation with partners involved in agriculture and rural development. There are some relevant ongoing and planned initiatives that focus on improving agricultural productivity and market linkages. Relevant partners will be invited to participate in the screening and selection of commodities, mapping of selected value chains, and in the development and implementation of intervention plans. Partnerships will be sought for specific value chains or specific districts. The forthcoming programme, funded by the European Union, to develop the capacity of the Ministry of Agriculture and Cooperatives will be a key partner.

F. Components and expenditure categories

Main components

17. The programme has two components aimed at: (i) developing more efficient value chains; and (ii) promoting an enabling environment for agribusiness development.

Expenditure categories

18. There are six expenditure categories: (i) vehicles, equipment and materials; (ii) business development service providers; (iii) grant financing of intervention plans; (iv) training, workshops, studies and technical assistance; (v) programme technical support team; and (vi) programme salaries and allowances, and operating costs.

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. The programme will be conducted from within the Ministry of Agriculture and Cooperatives, and implemented on the ground through a partnership of public-service management and technical units, private-sector entities, and farmers' organizations.

Implementation responsibilities

20. Responsibility for implementation will rest with a programme office that will be located within the Policy and Planning Department of the Ministry of Agriculture and Cooperatives.

Role of technical assistance

21. The Ministry of Agriculture and Cooperatives will procure the services of a consulting company in providing a technical support team to undertake value chain mapping and analysis and design intervention plans. Depending on the outcome of the value chain analysis, the intervention plans may be carried out with the support of subcontracted service providers.

Status of key implementation agreements

22. In addition to the financing agreement, a set of memorandums of understanding and contracts will be concluded during the life of the programme, as part of the development of intervention plans.

Key financing partners and amounts committed

23. The total programme cost is US\$23.5 million over seven years. The sources of financing are IFAD (85.1 per cent), Government of Zambia (6.4 per cent) and the private sector (8.5 per cent).

H. Benefits and economic and financial justification

Main categories of benefits generated

24. The primary beneficiaries will be around 24,000 rural households who, participating as members of farmers' groups, receive assistance in adopting improved agronomic packages and developing forward and backward linkages to markets and input suppliers. At the household level, the programme will provide support in some or all of the following: (i) acquiring the inputs and technologies necessary to achieve higher yields of better quality produce; (ii) adding value to produce in situ through processes including aggregation, sorting, grading, drying and storage; (iii) making better commercial decisions on the basis of more timely and accurate market information; (iv) obtaining higher and more stable prices through participation in contract farming and/or outgrower arrangements; and (v) gaining access to financial and technical support services.

Economic and financial viability

25. The economic rationale of the programme hinges on: (i) reducing the high transaction costs of marketing in a highly fragmented smallholder system in which farmgate prices are low relative to retail or export prices; (ii) adding value to farm produce through simple processes such as grading, packaging and aggregation, and identifying new products and markets; (iii) improving agricultural productivity and product quality through a range of proven, simple and affordable technologies that will increase the marketable surplus of target households; and (iv) addressing constraints in the enabling environment that affect rural commercial activity.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

26. Learning processes are embedded in the programme implementation arrangements. Knowledge of markets, processes and products, and of ways of making these work better, is regarded as a public good and therefore falls within the responsibilities of the Agribusiness and Marketing Department at the Ministry of Agriculture and Cooperatives. Specific measures to develop the capacity of the Agribusiness and Marketing Department for learning and knowledge management include support for the establishment of a learning alliance on agribusiness and marketing, with the aim of providing a common means for all stakeholders involved in agricultural value chains to enhance their knowledge. The rapid spread of information and communications technology in Zambia is opening up opportunities for knowledge dissemination and exchange through affordable mobile telephony and internet services.

Development innovations that the programme will promote

27. The overall approach has been developed with a high degree of government participation, resulting in a simple and well focused programme with clear and achievable objectives. The programme represents a move away from the traditional production-oriented approach to agricultural development in Zambia. It will involve a high level of private-sector engagement, consistent with the Government's policy framework. Private-sector engagement will take place at several levels, including the engagement of service providers for the design and implementation of value chain intervention plans; and through the building of public-private partnerships for

sustainable value chain development. The programme also moves away from the usual district-based approach to project implementation in Zambia, recognizing that district boundaries have little significance in relation to commercial transactions.

Scaling up approach

28. The programme will scale up and replicate an innovative approach to private sector-led rural poverty reduction that was successfully tested and demonstrated under the agribusiness development component of the IFAD-funded Smallholder Enterprise and Marketing Programme (SHEMP/ADC).

J. Main risks

Main risks and mitigation measures

29. The programme is regarded as only moderately risky, partly because of its status as a derivative of the successful SHEMP/ADC. In addition, it will be executed by the same institution, using the same implementation modalities, and draws on lessons learned from a number of comparable initiatives. The risks and appropriate mitigation measures have been well identified, incorporated and described in the programme design document.

Environmental classification

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

K. Sustainability

31. Commercial incentives and private-sector participation are the key to sustainability. The programme will not initiate any activity that does not have good prospects of being commercially viable in the long run for participants in the value chain. Environmental sustainability will be addressed in the commodity selection process, and by implementing agronomic interventions within a conservation agriculture framework.

II. Legal instruments and authority

32. A programme financing agreement between the Republic of Zambia and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is attached as an annex.
33. The Republic of Zambia is empowered under its laws to receive financing from IFAD.
34. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

III. Recommendation

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

RESOLVED: that the Fund shall make a loan on highly concessional terms to the Republic of Zambia in an amount equivalent to twelve million, nine hundred thousand special drawing rights (SDR 12.9 million), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

Negotiated financing agreement

(Negotiations concluded on 10 August 2009)

Loan Number: _____

Programme Title: Smallholder Agri-business Promotion Programme (the "Programme")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

the Republic of Zambia (the "Borrower")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan to the Borrower (the "Financing"), which the Borrower shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is twelve million nine hundred thousand Special Drawing Rights (SDR 12 900 000).
2. The Loan is granted on highly concessional terms.
3. The Loan Service Payment Currency shall be the US dollar.
4. The first day of the applicable Fiscal Year shall be 1 January.
5. Payments of principal and service charge shall be payable on each 1 June and 1 December.

Section C

1. The Lead Programme Agency shall be the Ministry of Agriculture and Co-operatives of the Borrower.
2. Additional Programme Parties include but are not limited to service providers and institutions mentioned in Schedule 1.

3. The Programme Completion Date shall be the seventh anniversary of the date of entry into force of this Agreement.

Section D

The Loan will be administered and the Programme supervised by the Fund.

Section E

1. The following is designated as an additional ground for suspension of this Agreement: the Programme Coordinator shall have been removed from the Programme without the prior concurrence of the Fund.

2. (a) The following is designated as an additional general condition precedent to withdrawal: the Borrower shall have opened a Designated Account in a bank acceptable to the Fund for the purpose of receiving Loan proceeds.

(b) The following is designated as an additional specific condition precedent to withdrawal: disbursement under Category III will commence only once Eligibility Guidelines and Procedures satisfactory to the Fund have been prepared.

3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

Kanayo F. Nwanze
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

For the Recipient:

Situmbeko Musokotwane
Minister of Finance and
National Planning
PO Box 50062
Chimanga Road
Lusaka, Zambia

This Agreement, dated _____, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

For the Fund

For the Borrower

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. *Target Population.* The Programme shall benefit 24 000 small-scale farming households in Zambia (the "Programme Area").
2. *Goal.* The goal of the Programme is to increase the income levels of poor rural households involved in production, value adding and trade of agricultural commodities.
3. *Objectives.* The objective of the Programme is to increase the volume and value of agribusiness based on output of small-scale producers.
4. *Components.* The Programme shall consist of the following Components:
 - 4.1 Component 1: More Efficient Value Chains
 - 4.1.1 *Sub-component 1.1: Agribusiness Value Chain Analysis*
 - a) Small-scale agribusiness sector review and commodity selection;
 - b) Rapid value chain mapping and analysis; and
 - c) Formulation of value chain Intervention Plans.
 - 4.1.2 *Sub-component 1.2: Agribusiness Value Chain Interventions*
 - a) Publicity and awareness campaigns in focal areas;
 - b) Sensitisation and capacity building for farmer groups;
 - c) Managerial and technical capacity building of value chain operators;
 - d) Improvements to the regulatory framework and codes of practice;
 - e) Support for trade associations;
 - f) Formation and strengthening of commodity task forces;
 - g) Improving linkages to financial services; and
 - h) Matching grants for investments in value addition and up-scaling.
 - 4.2 Component 2: Enabling Environment for Agribusiness Development
 - 4.2.1 *Sub-component 2.1: Ministry of Agriculture and Cooperatives (MACO) Capacity to Support Agribusiness Development*
 - a) Part-time Organisational Development Facilitator;
 - b) Formulation of a comprehensive agribusiness development framework;
 - c) Improvement of agribusiness trade and policy analysis competencies;
 - d) Refinement of policies, legislation and regulations;
 - e) Capacity building of ABM at provincial and district levels; and
 - f) Improving knowledge and partnership management.
 - 4.2.2 *Sub-component 2.2: Programme Management*
 - a) Procurement and contract management;
 - b) Annual work plan and budget;
 - c) Monitoring, financial management and reporting mechanisms; and
 - d) Coordination and information exchange.

II. Implementation Arrangements

5. The Programme shall be executed within the Ministry of Agriculture and Cooperatives (MACO), with implementation carried out by a partnership of public service management and technical units, private sector entities, and farmer organisations. In its capacity as Lead Programme Agency, MACO shall have overall responsibility for the implementation of the Programme and for the establishment of the Programme Steering Committee.

6. The Programme Steering Committee (PSC) shall be established and will be chaired by the Permanent Secretary of MACO or his/her nominee. The PSC shall include representatives of the relevant MACO departments; Ministry of Finance and National Planning; Ministry of Commerce, Trade and Industry; Zambian National Farmers Union and Industry Organisations relevant to the selected commodities or sectors. The PSC shall meet at least quarterly and its duties shall include providing general oversight including: (a) ensuring that necessary enabling environment (including policies, regulations/legal framework, strategies, and guidelines) is in place for effective implementation; (b) reviewing and approving Annual Work Plan and Budget (AWPB) and ensuring timely submission to IFAD; (c) reviewing and approving progress reports including financial reports, M&E reports, audit reports, Mid-Term Review report, and any special reports before forwarding to IFAD; (d) reviewing and approving guidelines and procedures for matching grants; and (e) reviewing and approving selection of commodities and focal areas of operation, Intervention Plans, and activities/projects to be financed through matching grants.

7. Responsibility for implementation shall rest with a SAPP Office which will be located within the Policy and Planning Department (PPD) of MACO. The SAPP Office will be made up of a Programme Coordinator, Financial Controller, Contracts and Procurement Officer, Monitoring and Evaluation Officer, support staff and a Technical Support Team. The Programme Manager will report to the director of PPD. The SAPP Office staff shall have qualifications and experience satisfactory to the Fund. Staff shall be appointed by MACO, subject to prior approval by the Fund, for an initial one-year period with possibility of renewal subject to satisfactory performance evaluation by MACO and the Fund. All staff shall be recruited through a competitive process conducted in accordance with procurement guidelines, with posts open to highly qualified candidates from the public and private sector. If a civil servant is selected, he/she should either resign or obtain a leave without pay from the Government and be hired on a contract basis through direct recruitment following open competition procedures.

8. MACO shall procure the services of a consulting company to provide a Technical Support Team for SAPP Office, to undertake value chain mapping and analysis and the design of Intervention Plans for selected commodities. Depending on the outcome of the value-chain analysis, the Intervention Plans may be implemented with the support of service providers to be sub-contracted. Following approval of the Intervention Plans by the PSC and IFAD, the Technical Support Team will be given responsibility for implementing the Intervention Plans including the right to sub-contract specialised service providers and procure necessary goods and services on a reimbursable basis on behalf of Government. Contracting of consultants will be on a rolling annual basis, subject to annual performance assessment by the PSC and IFAD, with payments linked to agreed milestones or outputs. The Technical Support Team shall be authorised to carry out specific procurement actions as agreed with MACO Procurement and Supplies Unit. To accelerate the transfer of responsibility for value chain analysis to local associations/institutions, the consultants' contracts shall include a phase out schedule and specific arrangements for strengthening the capacity of these local institutions and their participation in the design activities at the earliest possible date.

9. *Matching grants.* There shall be provision for matching grants to approved applicants, for the purposes of promoting agricultural commercialisation. The grants may support activities in the selected priority commodities as defined in Intervention Plans, or activities designed to address deficiencies in the enabling environment for agribusiness development. The matching grants shall be used to encourage strategic investments to scale up existing agribusiness activities and/or develop new products and markets. The grant mechanism is intended to provide "seed capital" and a means of reducing the risks of innovations that might otherwise not take place. The financial limits applied to each of the three windows may be reviewed from time to time as the Programme progresses. Eligibility Guidelines and Procedures will be included in the Programme Implementation Manual (PIM).

10. The Agribusiness and Marketing Department of MACO will take the lead in the planning and implementation of sub-component 2.1.

11. *Programme Implementation Manual.* The SAPP Office shall finalise the PIM, including a Financial Management Manual. The SAPP Office shall submit the PIM to the PSC for approval. When so approved, the Director PPD shall forward the PIM to the Fund for comments and no objection.

Schedule 2

Allocation Table

1. *Allocation of Loan Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts of the Loan to each Category and the percentages of expenditures for items to be financed in each Category.

Category	Loan Amount Allocated (expressed in SDR'000)	Percentage
I. Vehicles, equipment and materials	535	100% net of taxes
II. Business development service providers	1 240	100% net of taxes
III. Grant financing of intervention plans	4 810	100% net of private sector contribution
a) Small Grants Facility	1 650	
b) Medium sized Grants Facility	1 765	
c) Competitive Large Grants Facility	1 395	
IV. Training, workshops, studies and technical assistance	2 245	100% net of taxes
V. SAPP Office technical support team	1 495	100% net of taxes
VI. SAPP Office salaries & allowances and operating costs	1 775	100% net of taxes
Unallocated	800	
TOTAL	12 900	

2. *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs in Categories I, II, IV, V and VI incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of SDR 260 000.

Schedule 3*Special Covenants*

1. *Gender.* The Borrower shall ensure that women are represented in the organisation and management of the Programme. The Borrower shall also ensure that women beneficiaries shall be represented in all Programme activities and that they receive appropriate benefits from the Programme outputs.
2. *Tax Exemption.* The Borrower shall, to the fullest extent possible, exempt the proceeds of the Loan from all taxes. Any taxes which the Programme is nonetheless obliged to pay shall be promptly reimbursed by the Borrower.

Key reference documents

Country reference documents

Republic of Zambia (2006) Fifth National Development Plan 2006–2010

Republic of Zambia (2008) Agriculture Commercialisation: Lessons Learnt from SHEMA, Ministry of Agriculture and Cooperatives

Republic of Zambia (2008) Programme Completion Report of SHEMA, Ministry of Agriculture and Cooperatives

IFAD reference documents

Programme design document and key files

IFAD (2004) Zambia: Country Strategic Opportunities Paper (COSOP)

Logical framework

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
Overall Goal: Increase the income levels of poor rural households involved in production, value adding and trade of agricultural commodities.	Up to 24,000 small-scale agricultural households (80% of the core target group) achieve at least one of the following by programme completion: <ul style="list-style-type: none"> Increase in household assets ownership (R3). Increase in household savings. Reduction in prevalence of child malnutrition (R3/FNDP). Reduction in food insecurity (R3). 	<ul style="list-style-type: none"> LCMS / DHS / MDG reports for baseline data. SAPP beneficiary sample surveys for impact data. 	<ul style="list-style-type: none"> Limited effects of economic downturn (relatively stable prices)
Objective/Purpose: Increase the volume and value of agribusiness based on the output of small-scale producers.	<ul style="list-style-type: none"> At least 24,000 small-scale producers have increased the volume sold, by commodity (m/f) Increase in the volume of sales by small-scale producers for selected commodities (25% by programme completion). At least 5,000 small-scale producers have increased the price for at least one commodity due to value-adding (m/f) Increase in the prices received by small-scale producers for selected commodities (20% in real terms due to value adding). Improved performance of service providers (R2) Number of producers benefiting from improved access to markets (R2) (m/f) % of marketing groups formed/strengthened and sustainable at project end (R2). 	<ul style="list-style-type: none"> FSRP data plus supplementary survey - baseline data. SAPP decentralized M&E system to collect data through service providers and directly from small-scale producers. 	<ul style="list-style-type: none"> Sustained growth in demand for agricultural produce and products. Conducive framework for agribusiness and "public good" service delivery at district level.
Outputs: Component 1: More Efficient Value Chains			
1. Small-scale producers who are better able to respond to market demand and opportunities.	<ul style="list-style-type: none"> 1,200 marketing groups formed/strengthened (R1/MACO). 10,000 people trained in post-production, processing and marketing (R1) (m/f). 20,000 people trained in business and entrepreneurship skills (R1) (m/f). 15,000 people accessing development funds created under the project (R1) (m/f). 300 processing facilities constructed/rehabilitated (R1). 300 storage facilities constructed/rehabilitated (R1). Value of matching grants disbursed (US\$1.8 million). 	<ul style="list-style-type: none"> SAPP decentralized M&E system to collect data through implementing partners and directly from beneficiaries (value-chain operators and enterprise groups). FSRP data plus supplementary survey - baseline data. 	<ul style="list-style-type: none"> Financing constraints for smallholders and SMEs are addressed. Sufficient high quality matching grant applications are forthcoming.
2. Capacity of value chain operators to engage in sustainable agribusiness activities enhanced.	<ul style="list-style-type: none"> 150 people trained in post-production, processing and marketing (R1) (m/f). 400 people trained in business and entrepreneurship skills (R1) (m/f). 		
3. Commercial relations and coordination among value chain stakeholders and support services improved.	<ul style="list-style-type: none"> 20-30 apex organizations formed/strengthened (R1). 100 input suppliers with outreach of services to community level. 600 contracts between small-scale producers and market operators. Number and value of matching grants disbursed (70 / USD 0.7 million). 		
4. Value adding capacity to make more existing and new agricultural products available to the market increased.	<ul style="list-style-type: none"> 225 people accessing development funds created under the project (R1). Processing facilities constructed/rehabilitated (R1 - 50). Marketing facilities constructed/rehabilitated (R1 - 50). Storage facilities constructed/rehabilitated (R1 - 125). Value of matching grants disbursed (USD 4.0 million). 		
5. Access to market information by producers and value chain operators improved.	<ul style="list-style-type: none"> 20,000 people accessing advisory services facilitated by project (R1) (m/f). 800 groups accessing SMS services. Market information radio broadcasts (MACO). Market information publications produced and disseminated (MACO). 		
Outputs: Component 2: Enabling Environment for Agribusiness Development			
6. Policies and practices that promote viable agribusiness as a poverty reduction strategy enhanced.	<ul style="list-style-type: none"> 15 Government officials and staff trained (R1/MACO). Policies and legal instruments developed or improved (MACO). 	<ul style="list-style-type: none"> SAPP decentralized M&E system to collect data through MACO and service providers. 	<ul style="list-style-type: none"> Clear and appropriate division of responsibilities (public goods, private sector and public-private partnerships) is respected for agribusiness development. Continued commitment of MACO to facilitate a private-sector driven approach to poverty reduction through commercialization of small-scale farmers. Recruitment of provincial ABM staff and district marketing officers completed.
7. Capacity to deliver "public good" support services to small-scale farmers and to other value chain operators increased.	<ul style="list-style-type: none"> 5-10 value chain task forces established and engaged at the end of the project. 20-30 Government officials and staff trained (R1/MACO). 40-60 District marketing officers and district cooperative officers performing an effective support and regulatory role in programme areas. 		
8. Effective implementation capacity, knowledge management, programme coordination, results measurement and reporting.	<ul style="list-style-type: none"> Consultative and knowledge management activities organized. 28 steering committee meetings held. System for orderly collection of quantitative and qualitative information on physical progress operational. System for maintaining accurate accounts and replenishing programme funds operational. 21 AWPBs, progress and audit reports submitted on time. 3 baseline and impact assessment reports completed (3). 		

(R1/2/3) refers to the IFAD RIMS indicators (level 1, 2 and 3); (FNDP) means there is an equivalent indicator in Government's Fifth National Development Plan; (MACO) means Ministry of Agriculture and Cooperatives has an equivalent indicator to monitor sectoral progress under FNDP.

