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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 Africare for the**

**Smallholder Agriculture Support  
Project in Zimbabwe**

Executive Board — Ninety-eighth Session  
Rome, 15-17 December 2009

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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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## **Recommendation for approval**

The Executive Board is invited to approve the recommendation for the proposed grant under the country-specific grants window to Africare for the Smallholder Agriculture Support Project in Zimbabwe, as contained in paragraph 7.

## **President's report on a proposed grant under the country-specific grants window to Africare for the Smallholder Agriculture Support Project in Zimbabwe**

I submit the following report and recommendation on a proposed grant under the country-specific grants window to Africare in the amount of US\$500,000.

### **Part I – Introduction**

1. This report recommends the provision of IFAD support to the Smallholder Agriculture Support Project to be implemented by Africare, Zimbabwe.
2. The document of the grant for approval by the Executive Board is contained in the annex to this report: Smallholder Agriculture Support Project.
3. The objectives and content of the project 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. Deriving from these objectives and those of the IFAD Strategic Framework 2007-2010, the specific aims of IFAD's grant support relate to: (a) the Fund's target groups and their household food security strategies, with particular reference to groups in remote and marginalized agroecological areas; (b) technologies that build on traditional local/indigenous knowledge systems, are gender-responsive, and enhance and diversify the productive potential of resource-poor farming systems by improving on- and off-farm productivity and by addressing production bottlenecks; (c) access to productive assets (land and water, a broad range of rural financial services, labour and technology); (d) the sustainable and productive management of natural resources, including sustainable utilization and conservation of such resources; (e) a policy framework at both the local and the national level that provides the rural poor with a conducive incentive structure to improve their productivity and reduce their dependence on transfers; (f) access to transparent and competitive input/product markets and making these work for the poor primary producers involved in remunerative small and medium-sized enterprises and value chains; and (g) an institutional framework within which institutions – formal and informal, public- and private-sector, local and national alike – can provide services to the economically vulnerable, according to their comparative advantage. Within this framework, IFAD's grant financing supports commodity-based approaches for self-targeting among the rural poor. Finally, IFAD's grant programme fosters the establishment and strengthening of networks for pro-poor knowledge generation and exchange, which in turn enhances the Fund's own capacity to establish long-term strategic linkages with its development partners and to multiply the effect of its grant-financed research and capacity-building programmes.
6. The grant proposed in this document responds to the foregoing strategic objectives by building the capacity of local-level institutions in community-driven livelihood improvement, and by developing operational modalities that can be scaled up under a larger investment programme.

## **Part II – Recommendation**

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

RESOLVED: that the Fund, in order to finance, in part, the Smallholder Agriculture Support Project, shall make a grant not exceeding five hundred thousand United States dollars (US\$500,000) to Africare for a two-year project upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze  
President

## Smallholder Agriculture Support Project

### I. Background

1. The September 2008 Global Political Agreement and the subsequent formation of the Government of National Unity has provided an opportunity for IFAD to consider resumption of support for rural poverty reduction in Zimbabwe. Lending operations in Zimbabwe have been suspended since 2003 as a result of loan-servicing arrears. However, grant support could be used to address the severe poverty and food shortages that have arisen during the protracted crisis. It is proposed that IFAD provide a grant of US\$500,000 to fund a two-year initiative, which will also serve as a stepping stone for a full-scale programme in support of smallholder agriculture.
2. The formation of the Government of National Unity signalled the end of Zimbabwe's international isolation and has brought welcome commitments to economic and social reforms. However, the remaining challenges are formidable. In 2008, the economy shrank by around 14 per cent, on top of a 40 per cent decline during 2000-2007. This was accompanied by hyperinflation,<sup>1</sup> negative interest rates, ballooning debt,<sup>2</sup> crippling scarcity of foreign exchange and basic commodities, widespread food shortages<sup>3</sup> and a collapsing public service. In 2008, higher food and fuel prices, as well as increased humanitarian aid (US\$490 million) and capital grants (US\$80 million), led to a significant increase in imports. The Millennium Development Goal benchmark for extreme poverty applies to most of the population, including vital qualified public sector workers. By IFAD's definition, Zimbabwe remains a fragile state.
3. Before the 2000 land redistribution programme, the agriculture sector was dualistic in nature, consisting of a commercial farming sector and the traditional communal sector. Smallholder farmers derived some benefits from the commercial sector as the input/output supply chain servicing the commercial sector also supported the communal sector. The collapse of agricultural services and the economic downturn have caused productivity levels in the communal sector to fall to a third of pre-2000 levels.

### II. Rationale and relevance to IFAD

4. All measures of human welfare have regressed during Zimbabwe's protracted political and economic crisis. However, there are a number of opportunities for early IFAD intervention to address these needs: (i) the existence of a well-coordinated multidonor programme to continue working with NGOs; (ii) the excellent capacity of numerous NGOs to support rural and agricultural development in partnership with local government institutions; (iii) IFAD's 26-year track record in Zimbabwe, which has employed appropriate and affordable technologies that are readily available for redeployment; (iv) the Government's willingness to collaborate in a programme implemented through NGOs as a precursor to full re-engagement; (v) the success of agricultural development interventions in communal areas under the United Kingdom's Department for International Development-financed/NGO-implemented Protracted Relief Programme (PRP); and (vi) the possibility of developing a partnership with the PRP that will bring additional resources to the initiative. All of these factors amount to an opportunity to restore the productive capacity and self-reliance of rural households.

<sup>1</sup> Inflation peaked in September 2008 at about 500 billion per cent (10<sup>9</sup>). Since then, the local currency has been replaced by the United States dollar and the South African rand, which has halted spiralling prices.

<sup>2</sup> At the end of 2008, international reserves were US\$6.0 million, while external debt was estimated at US\$6.0 billion (189 per cent of GDP), of which arrears accounted for US\$3.8 billion (120 per cent of GDP).

<sup>3</sup> Poverty and unemployment have risen to catastrophic levels: 70 per cent of the population is in need of food assistance and a cholera epidemic claimed more than 4,000 lives in 2008-2009.

5. A grant in support of crisis-affected rural households is highly relevant to IFAD's mandate. It is also consistent with the objectives of the IFAD Policy for Grant Financing, to: (i) promote pro-poor research on innovative approaches and technological options to enhance field-level impact; and (ii) build pro-poor capacities of partner institutions, such as community-based organizations (CBOs) and NGOs.
6. Other donors have recognized these needs and continue to provide support, despite the arrears owed to some of these institutions. Moreover, bilateral donors have continued to support development activities, embedded in relief programmes, throughout the crisis. In this context, an IFAD grant operation in Zimbabwe would be an ideal precursor to a fully-fledged country programme.

### **III. The proposed project**

7. The overall goal of this project is to contribute to the achievement of sustainable household food security and livelihoods for vulnerable communal households, and the reduction of rural poverty.
8. The project will be of a two-year duration and will comprise two components:
  - Component 1: Production support to smallholder farmers
  - Component 2: Project management and coordination

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

9. Smallholder farmers in selected wards of Zvishavane District will regain and increase their productive capacity. This will result in higher and more sustainable agricultural production and productivity, resulting in improved household food security, higher incomes for smallholder farmers, improved resilience and livelihoods and expanded agricultural employment opportunities. The intervention will also result in improved performance and coordination of rural institutions in Zvishavane District, which will amplify the achievement of benefits from smallholder crop and livestock development activities.

### **V. Implementation arrangements**

10. The Smallholder Agriculture Support Project will be implemented by Africare, an NGO with a strong track record in partnering with IFAD in Zimbabwe. The project is designed to develop a wide range of partnerships to compensate for the generally eroded institutional capacity, especially at the local government level.
11. The project will be implemented in Zvishavane District, and as such, most management and coordination functions will be carried out at the district level. All activities to be implemented in the target district and selected wards will be undertaken by Africare, working in conjunction with relevant local and national government institutions, CBOs, civil society organizations and farmers' groups. Provision has also been made to accommodate a project management unit at Africare's Harare headquarters, staffed on a part-time basis by a project coordinator, a project accountant and a monitoring and evaluation officer. Funding will be provided to cover office operations including communications, publications and internal travel so that the project coordinator can visit the district at least quarterly. Funding will also be provided to allow quarterly meetings of a district steering committee, which will have the status of a subcommittee of the Rural District Council.

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

12. Total investment and recurrent costs, including contingencies, over the two-year implementation period are estimated at US\$543,000. IFAD is financing the project with a grant of US\$500,000, US\$43,000 will be provided by a local contribution to



cover taxes, and there will be an in-kind contribution for the costs of extension staff. Component 1 comprises approximately 90 per cent of total baseline costs, with component 2 accounting for the remainder.

**Summary of budget and financing plan  
(in thousands of United States dollars)**

<i>Number</i>	<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing<sup>a</sup></i>
1	Human resources (including subcontractors)	19	-
2	Professional services	57	-
3	Vehicles, equipment and materials	107	22
4	Operational costs	89	15
5	Training/capacity-building	178	2
	Unallocated	50	4
	<b>Total</b>	<b>500</b>	<b>43</b>

<sup>a</sup> Excluding in-kind contribution for extension staff.



# Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	Contribute to achievement of sustainable household food security and livelihoods of vulnerable communal households and to reduction of rural poverty.	<ul style="list-style-type: none"> <li>• 90 to 50 per cent reduction in number of rural households below the poverty line.</li> <li>• Increased household asset ownership of at least 30 per cent of targeted households.</li> <li>• 40 per cent reduction in the prevalence of child malnutrition.</li> </ul>	<ul style="list-style-type: none"> <li>• MDG Progress and Monitoring Reports.</li> <li>• Crop and Food Supply Assessment Mission reports.</li> <li>• Zimbabwe Vulnerability Committee reports.</li> <li>• Zimbabwe Demographic and Health Survey.</li> </ul>	
<b>Objectives</b>	Build the capacity of local-level institutions in community-driven livelihood improvement, and develop operational modalities which can be up-scaled under a larger programme in support of smallholder farmers.	<p>Measures of institutional <b>capacity</b> in Zvishavane at District level and below including:</p> <ul style="list-style-type: none"> <li>• 10 to 75 per cent increase satisfaction in rural service providers' response to farmers' needs.</li> <li>• Improved rural institutions' Village Development Committees (VIDCOs); Ward Development Committees (WADCOs); and Rural District Councils (RDCs) plans and coordination of their respective activities.</li> <li>• 10 to 75 per cent increase in operational capacity of CBOs and producer organisations.</li> <li>• Existence of <b>operational procedures</b> which can be up-scaled.</li> </ul>	<ul style="list-style-type: none"> <li>• Project semi-annual and annual reports.</li> <li>• Farmer satisfaction survey (baseline and final).</li> <li>• Reports of training workshop proceedings.</li> <li>• Harmonised planning documents among rural institutions.</li> <li>• Documented operational procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued political stability, law and order and economic reforms.</li> <li>• Experienced and competent implementing partners able to deliver project interventions.</li> <li>• The enabling environment remains favourable for agricultural recovery and development.</li> </ul>
<b>Outputs</b>	Crop production and marketing capacity strengthened.	<ul style="list-style-type: none"> <li>• 15 to 50 per cent increase in the number of farmers trained as Master farmers, of which at least 40 per cent are women.</li> <li>• 600 farmers (at least 50 per cent women) participate in Farmer Field Schools.</li> <li>• 600 farmers (at least 50 per cent women) trained in post-harvest management.</li> <li>• 4 agro-dealers participate in capacity building and form linkages with farmer groups.</li> <li>• 5 to 25 per cent increase in number of farmers linked to markets outside their immediate environment, of which at least 50 per cent women.</li> <li>• 30 tonnes of seed produced in the district, and distributed.</li> <li>• 12 000 bundles (300 vines/bundle) of sweet potato vines produced &amp; distributed.</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline survey.</li> <li>• Project progress reports.</li> <li>• Training reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient technical capacity of private sector service providers.</li> <li>• Relevant institutions sufficiently engaged in project.</li> <li>• Sufficient availability of quality agricultural inputs on the local market.</li> <li>• Sufficient family labour of targeted households.</li> </ul>
	Capacity of Service Providers [ <i>Agriculture Technology and Extension Service (AGRITEX), Department of Veterinary Services, community-based service providers</i> ] strengthened.	<ul style="list-style-type: none"> <li>• In-service training provided to 30 service providers (at least 40 per cent women).</li> <li>• 10 to 75 per cent increase in satisfaction with services provided by relevant service providers in target wards.</li> <li>• 20 to 100 per cent increase in number of farmers met per month by Service Providers in the project area.</li> </ul>	<ul style="list-style-type: none"> <li>• Training reports.</li> <li>• Farmer satisfaction survey (baseline and final).</li> <li>• WADCOs and VIDCOs Annual development plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Political will and engagement of institutions' central office and management.</li> <li>• Engagements and motivation of decentralised extension staff.</li> </ul>
	Coordination capacity of rural institutions strengthened.	<ul style="list-style-type: none"> <li>• 0 to at least 8 WADCOs and 24 VIDCOs producing coordinated Annual Development Plans.</li> <li>• RDC meeting monthly and coordinating planning at different levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting minutes and reports.</li> <li>• Interviews with office-bearers.</li> <li>• Training reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited political interference.</li> <li>• Political will and engagement of stakeholders in fulfilling their mandates.</li> </ul>
	CBOs and producer organisations strengthened.	<ul style="list-style-type: none"> <li>• At least 3 CBO and producer organisations in each of the 10 Wards active and providing services to members.</li> <li>• 40 to 80 per cent increase in member satisfaction with performance of respective organisations.</li> </ul>	<ul style="list-style-type: none"> <li>• Organisations' reports (plans, meetings, etc.).</li> <li>• Member satisfaction survey (baseline and final).</li> </ul>	<ul style="list-style-type: none"> <li>• Support from organisations' central office in collaborating with decentralised teams.</li> </ul>
	Project management and coordination systems operational.	<ul style="list-style-type: none"> <li>• 8 ward Annual Work Plans and Budgets submitted and approved by steering committee.</li> <li>• Evidence of lessons learned from Monitoring &amp; Evaluation (M&amp;E) used in project implementation.</li> <li>• Project reporting systems in place and reports submitted to steering committee on schedule.</li> <li>• Project staff actively participating in regular District level coordination activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Work Plans and Budgets and project progress reports.</li> <li>• Project M&amp;E reports.</li> <li>• Minutes of coordination meetings and documentation on exchange of information.</li> </ul>	<ul style="list-style-type: none"> <li>• Steering committee meets regularly and maintains oversight of project implementation.</li> </ul>