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Enabling poor rural people  
to overcome poverty

## **President's report**

### **Proposed grant under the IFAD/Belgian Fund for Food Security Joint Programme for the**

### **North-western Integrated Community Development Programme – Phase II**

Executive Board — Ninety-ninth Session  
Rome, 21-22 April 2010

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For: **Approval**

## **Note to Executive Board members**

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, representatives 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**

BFFS	Belgian Fund for Food Security
BRP	Beyond Relief Programme
M&E	monitoring and evaluation
NWICDP	North-western Integrated Community Development Programme
PMU	programme management unit
VDC	village development council

## **Recommendation for approval**

The Executive Board is invited to approve the recommendation for a grant under the IFAD/Belgian Fund for Food Security Joint Programme for the North-western Integrated Community Development Programme – Phase II, as contained in paragraph 8.

# Map of the programme area

## Somalia

NWICD Programme



22-3-2010



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

Area: Awdal and Woqooyi-Galbeed Regions

## **Proposed grant under the IFAD/Belgian Fund for Food Security Joint Programme for the North-western Integrated Community Development Programme – Phase II**

I submit the following report and recommendation on a proposed grant for food production and rural development in north-western Somalia, to be implemented by Transtec S.A., in the amount of US\$5,658,400.

### **I. Introduction**

1. This report recommends that IFAD contract Transtec S.A. to implement the North-western Integrated Community Development Programme – Phase II, funded through the IFAD/Belgian Fund for Food Security (BFFS) Joint Programme.
2. A description of the programme is contained in the annex to this report.
3. The programme objectives and content are in line with IFAD's evolving strategic objectives and the policy and criteria of the IFAD/BFFS Joint Programme.
4. The overarching strategic objective that drives the IFAD/BFFS Joint Programme (endorsed by the Executive Board at its twenty-first session in 1984) is "ensuring the survival of people threatened by hunger, malnutrition and underdevelopment in the regions of the Third World which register the highest mortality rates due to these causes. The objective has to be realised as a matter of urgency through programmes including food strategies and integrated rural development aimed at ensuring self-sufficiency in food and at supplying the people concerned with means which enable them to ensure their own subsistence and to promote their own development in the future."
5. Based on these objectives and those of the IFAD Strategic Framework 2007-2010, the specific aims of IFAD's support for the proposed grant relate to:
  - (a) The Fund's target groups and their household food security strategies;
  - (b) Technologies that build on traditional local and indigenous knowledge systems, are gender-responsive, enhance and diversify the productive potential of resource-poor farming systems by improving on- and off-farm productivity, and address production bottlenecks;
  - (c) Access to productive assets, including land and water;
  - (d) Sustainable and productive natural resource use and conservation;
6. In accordance with the BFFS goals and objectives, the grant proposed in this document focuses on reducing poverty and improving nutritional status for the target group. It addresses food security, emphasizing household food security and improved nutritional status, and includes the provision of primary health care and sanitation.
7. The Government of Belgium has provided IFAD with a signed ministerial decree representing Belgium's instrument of contribution to the programme for 4 million euros. This was transferred to a United States dollar grant account in the amount of US\$5,658,400 on 27 January 2010.

## **II. Recommendation**

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

RESOLVED: that the Fund shall provide a grant not exceeding five million six hundred fifty-eight thousand and four hundred United States dollars (US\$5,658,400) in order to finance the North-western Integrated Community Development Programme – Phase II, and shall contract Transtec S.A. to implement the programme, substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President



## **North-western Integrated Community Development Programme – Phase II**

### **I. Background**

1. Somalia is one of the world's poorest countries, with one of the highest chronic malnutrition rates. IFAD implemented a number of projects in Somalia before the outbreak of civil conflict in the early 1990s. The conflict led to the termination of all loan operations and therefore of all projects, except for a grant funded under the IFAD/Belgian Fund for Food Security (BFFS) Joint Programme for the Beyond Relief Programme (BRP). In 1997 BRP was relocated to north-western Somalia (the self-proclaimed Republic of Somaliland, not recognized by the international community) for security reasons.
2. BRP was intended to respond to the needs of rural communities by improving nutrition and food security. In the absence of an official counterpart in the programme area and in consideration of the weak institutional framework in Somaliland, implementation was contracted to the United Nations Office for Project Services (UNOPS) under a management services agreement.
3. Although BRP was a limited operation, it demonstrated the potential effectiveness, in the challenging Somali context, of working directly with impoverished rural communities to address key production constraints. A full programme phase, the North-western Integrated Community Development Programme (NWICDP), was financed through a 5.6 million euro BFFS grant and implemented by UNOPS between April 2001 and December 2008. The NWICDP focused on sectors where impact could be achieved quickly, such as land and soil protection and agricultural inputs and services, in addition to water supply, health, feeder roads, and similar public goods essential to the well-being of communities and unavailable from governmental programmes in the Somaliland context. The BFFS grant was cofinanced with a US\$600,000 grant from Italian cooperation funds and US\$400,000 from IFAD.
4. The NWICDP evaluation commissioned by the Joint Programme recommended a second phase to consolidate and scale up watershed management and water harvesting, public health and improved crop and livestock production. Based on the evaluation findings and the programme's substantial achievements, the IFAD/BFFS Steering Committee agreed to the preparation of a follow-up phase that would scale up high-impact activities and sustainably consolidate achievements.
5. The programme detailed below has been accepted and approved by the Government of Belgium and is now being submitted to the Fund's Executive Board for approval. The actions proposed have been developed in response to the findings of an evaluation of first-phase achievements, and of the participatory assessment (undertaken with targeted communities using the Joint Programme's comprehensive participatory planning and evaluation methodology) of priority areas requiring support to improve livelihoods and nutrition for rural communities.

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

6. Phase one of NWICDP, and BRP before it, have provided IFAD with a critical foothold from which to address rural poverty in the difficult Somali context. Both programmes have hinged on an innovative approach for IFAD in post-conflict areas. In the absence of recognized government counterparts and public institutions for IFAD to collaborate with in the programme area, BRP and NWICDP were implemented by a programme management unit – including one senior international advisor stationed in the programme area and a team of national professionals – that relied fully on direct collaboration with targeted communities for programme planning and implementation. Within this framework, the two

programmes were able to respond directly to the needs and problems facing the target group. NWICDP's integrated, community-driven approach ensured that the programme activities were relevant to the needs of local communities, and that it benefited from the tacit support of local authorities, shielding it from political interference.

7. The NWICDP evaluation confirms that the programme has improved the livelihoods of poor rural men and women in the programme areas. Interventions have successfully demonstrated a number of cost-effective activities for improving the livelihoods of rural communities that have been replicated multiple times elsewhere in the country, leading to a significant and measurable impact on the target group.
8. Notwithstanding these achievements, rural communities throughout the programme area require additional support to meet basic needs, given the limited outreach of public services and the absence of any major rural development interventions. The proposed four-year second phase focuses on improving access to water and to health and sanitation services, and on increasing feed and livestock productivity. These are the building blocks of an integrated approach to improving health and nutrition outcomes in the programme area.

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

#### **A. Main development opportunity addressed by the programme**

9. The strategic approach of the proposed second phase is built on three fundamental pillars. First, the high level of food insecurity in Somalia and the limited penetration of donor-financed development interventions in rural north-western Somalia call for a continued IFAD and BFFS role, in line with their mandate of poverty reduction and support to food security and health in sub-Saharan Africa. Second, NWICDP's tangible achievements and successes provide an excellent opportunity for IFAD and BFFS to sustain and generate further positive impact for the rural poor. Lastly, in addition to its importance in terms of consolidating achievements and securing their sustainability, a second phase provides the opportunity for NWICDP to direct its focus towards developing partnerships and tapping a growing potential for other donors and development agencies to replicate and scale up successful interventions tested and developed during phase I.
10. In this context, the spirit of phase II is to replicate those activities that have had the most impact and were in greatest demand, and to consolidate achievements by ensuring the sustainability of results and outcomes. Phase II will build on phase I by supporting measures to increase fodder crop production, seeking to reduce land degradation by improving soil moisture and plant cover. Livestock production support will focus on the grass-roots level, in line with the community-based approach of phase I – the many constraints at the national and macro levels are beyond the scope of NWICDP and are being addressed to some extent by other donor programmes. Water and health activities will complement production support to bring an integrated and comprehensive approach to improving the access of targeted communities to basic subsistence needs.
11. The programme is fully aligned with the Reconstruction and Development Programme developed by the United Nations Development Programme (UNDP) and the World Bank at the request of the Transitional Federal Government of Somalia and the international community.

#### **B. Terms and conditions**

12. The BFFS funding will be provided as a grant to benefit poor rural men, women and young people in north-western Somalia. The programme will be implemented by Transtec S.A., the competitively selected service provider, on behalf of the beneficiaries through a programme management unit (PMU) working closely with the targeted communities.

13. Before awarding the contract to a private-sector service provider, IFAD carefully reviewed the contractual implications of this approach. The commercial agreement negotiated with Transtec sets clear milestones, links Transtec's management fee to successful implementation and allows IFAD to terminate the contract if Transtec fails to perform. In addition, the company has agreed to provide a performance bond in the amount of 200,000 euros, which will allow IFAD to recoup any losses in the event of unsatisfactory performance or failure to complete the programme.
14. Transtec will provide the Fund with quarterly progress reports and expenditure statements, and annually audited financial statements. The Transtec management fee will be paid biannually subject to satisfactory progress as evidenced by quarterly reports and regular visits by IFAD supervision missions (two per year pursuant to direct supervision).

### **C. Target group and participation**

15. The targeted population is approximately 318,000 persons in 53,000 households, residing in 158 communities. Typically, households are located in communities consisting of clusters of two or three neighbouring villages, and can be classified as follows:
  - Pastoralists, practising mainly animal husbandry: types of livestock (camels, cattle, sheep, goats) vary depending on wealth, tradition and, recently, market demand. Their incomes are generated mainly by the sale of live animals and animal products such as meat, milk, skin, hides, wool and manure;
  - Agro-pastoralists, practising a varying mix of cropping (sorghum, maize, cowpea and sesame) and livestock raising, depending on the agroecological zone; and
  - Irrigation farmers, growing fruits and vegetables and irrigated maize (limited to fertile soils on the banks of seasonal but otherwise dry rivers), and raising medium to large numbers of cattle sheep and goats.
16. To effectively reach the poorest and most vulnerable groups, three different integrated targeting approaches will be followed: (i) geographical targeting of sectoral activities (fodder and livestock); (ii) selection of individuals or households using community wealth rankings to identify very poor female-headed households and poor returnee families; and (iii) self-targeting, whereby any individual, household or community may decide to participate, based on a set of eligibility criteria.
17. Phase I of the programme reached 158 communities. Phase II will expand its reach within these same communities to different degrees according to component scope and the results of participatory rural appraisals and community action planning. Communities will be ranked, and interventions phased (using the depth of poverty and the potential for increasing and sustaining benefits to prioritize sequential ordering) through a scoping exercise that will assess (i) community performance during phase I; (ii) the potential for success and ability to sustain programme benefits; and (iii) the extent to which needs were not addressed during the course of the first phase or by other development initiatives in the area.

### **D. Development objectives**

18. The specific objective for the second phase is to sustainably improve incomes, nutrition and health in the targeted communities in the Awdal and Woqooyii-Galbeed regions. Phase II is geared towards consolidating the participatory planning and implementation modalities adopted in phase I. Village development councils (VDCs) will continue to be the basic institutional unit for participatory and capacity-building approaches at the community level. The programme will build on

the strengths of phase I, with an increased focus on building the capacity of rural communities to manage their own development strategically and sustainably.

19. Since phase II will involve collaboration with VDCs and other local partners that are already sensitized to the community-driven approach, responsibilities will be further consolidated and devolved, enabling communities to autonomously implement their proposals – including, in advanced cases, co-management of programme budgets under their community action plans. The programme will join similar efforts by other international partners (e.g. the World Bank) promoting community-driven approaches in Somaliland.

### **E. Main components**

20. Of primary concern to the proposed phase II is the need to ensure that all strategies and approaches are those with maximum potential for sustainable impact and rural poverty reduction. In this respect, phase II will build on the strengths of phase I, particularly on high-impact activities relating to livestock, water and health, with an increased focus on building the capacity of rural communities to manage their own development strategically and sustainably. The programme has four components: (i) crop and livestock development; (ii) access to water and improved sanitation; (iii) access to rural health services; and (iv) participatory planning, monitoring and evaluation (M&E) and programme coordination.

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

21. The beneficiaries are the marginalized poorest and poor populations inhabiting rural areas in the Awdal and Woqooyi- Galbeed regions of Somaliland. The primary source of financial benefits will be increased livestock sales. The principal incremental expenditure for livestock keepers is veterinary drugs. Livestock health and mortality rates will improve, and carcass weight will increase. A financial analysis shows that, at a mortality rate of 10 per cent of offspring births and an off-take of 75 per cent, a household rearing 20 sheep and 10 goats would see an improvement in annual income of US\$614. Soil conservation and improved access to water will contribute additional financial benefits from fodder crops such as alfalfa, and increased production of maize, sorghum and horticultural crops cultivated in addition to animal fodder.
22. In order to ensure the maximum benefits in terms of sustainable impact and rural poverty reduction, phase II of the programme will seek to generate the following outcomes:
  - (a) Improved outreach of community-based animal health services;
  - (b) Increased production of livestock and of food and feed crops;
  - (c) Improved water and soil conservation;
  - (d) Increased access by poor rural women and men to water for multiple uses;
  - (e) Increased use of latrines for improved household hygiene;
  - (f) Improved mother and child care and feeding practices;
  - (g) Increased capacity of first-line health workers to support community health and nutrition;
  - (h) Improved access to medical drugs through community-managed drug revolving funds; and
  - (i) Improved capacity for participatory planning, monitoring and evaluation.

## **V. Implementation arrangements**

23. To ensure the best possible implementation results from the second phase, IFAD selected the grant recipient and programme implementing partner on a competitive basis. With the agreement of the IFAD/BFFS Steering Committee, a tendering process was launched in June 2009 for a two-stage quality and cost-based selection in accordance with IFAD's procurement guidelines, to prepare for BFFS approval and programme implementation in 2010. The process included the following steps: international posting to solicit expressions of interest, shortlisting of qualified service providers, request for proposals to shortlisted service providers, separate sequential technical and financial evaluations of proposals, recommendation for contract award, contract negotiation and signing.
24. This open selection process identified Transtec S.A., a private firm, as the successful bidder among a group of NGOs, United Nations agencies and private firms competing for the role of service provider. Transtec S.A. has a strong track record in the NWICDP type of project and in socio-political contexts similar to that of Somaliland. It will establish a PMU in the field (in the town of Gabiley, Woqooyi-Galbeed region) with a branch in the Awdal region (in the town of Borama), drawing on national staff having worked with the programme during the first phase.
25. In addition to overseeing day-to day operations and financial management, the PMU will carry out awareness-raising and knowledge sharing activities, and ensure close interaction with national and international development agencies working from Hargeisa and Nairobi. The PMU will engage communities, elected local councils and local technical units in programme planning and M&E processes; and will support the development of district development plans while raising awareness about existing challenges and opportunities for rural community development. As strengthening local councils in a sustainable manner requires support from all levels, the programme will convene awareness-raising workshops on rural development for key decision makers and facilitate field visits.

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

### **Expenditure categories**

26. The US\$5,658,400 grant includes the management fee for Transtec, in the amount of US\$383,000, and the programme expenditures. The main expenditure categories are: (i) civil works (18 per cent); (ii) vehicles, equipment and materials (9 per cent); (iii) seed capital for revolving funds (8 per cent); (iv) training, technical assistance and workshops (35 per cent); (v) operations and maintenance (12 per cent); and (vi) salaries and allowances (18 per cent).

### **Key financing partners and amounts committed**

27. In the absence of a viable government structure, counterpart funds are not available to cover recurrent costs. Consequently, salaries and running costs for programme coordination are fully covered by the BFFS contribution. The programme financing represents an estimated 91 per cent of total cost. The remaining financing will be in the form of beneficiary contributions funding community-based infrastructure investments such as soil and water conservation structures.

**Summary of budget and financing plan**

<i>Components</i>	<i>IFAD/BFFS financing</i>		<i>Beneficiary financing</i>		<i>Total including contingencies (thousands of US dollars)</i>
	<i>Amount (thousands of US dollars)</i>	<i>Percentage</i>	<i>Amount (thousands of US dollars)</i>	<i>Percentage</i>	
Crop and livestock development	1 996	99	27	1	2 023
Access to water and improved sanitation	1 636	74	561	26	2 198
Access to rural health services	597	100			597
Participatory planning, M&E and programme coordination	1 428	100	-	-	1 428
<b>Total financing</b>	<b>5 658</b>	<b>91</b>	<b>589</b>	<b>9</b>	<b>6 247</b>

## Results-based logical framework

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Goal:</b> Improve food security, nutrition and health of poor rural communities	<ul style="list-style-type: none"> <li>At least 30% reduction of child wasting and stunting (BM: 9.7%, 21.1%)</li> <li>At least 30% decrease in incidence of water and excreta related diseases</li> </ul>	Mid and end of term impact assessments	<ul style="list-style-type: none"> <li>Stable political and security situation</li> <li>Continued access to favourable urban and export markets</li> </ul>
<b>Project objective:</b> To sustainably improve incomes, nutrition & health of targeted communities in the project area	<ul style="list-style-type: none"> <li>At least 90% of target populations within 3 kms of safe water source (BM: 74%)</li> <li>At least 20% increase in average household incomes</li> </ul>	<ul style="list-style-type: none"> <li>Baseline surveys</li> <li>Mid &amp; final impact assessment</li> <li>Annual progress reports</li> </ul>	
<b>Component 1:</b> Livestock inputs & services delivered for increased livestock & animal feed production	<ul style="list-style-type: none"> <li>At least 25% decrease in incidence of livestock diseases</li> <li>Average duration of forage shortage for livestock reduced to 1.5 months (BM: 3 months)</li> </ul>	<ul style="list-style-type: none"> <li>Mid and end of term impact assessments</li> </ul>	<ul style="list-style-type: none"> <li>No major epidemics of livestock or crop diseases and pests</li> <li>No prolonged drought/disease or pest outbreaks</li> </ul>
<b>Component 2:</b> Water & soil conservation measures implemented	<ul style="list-style-type: none"> <li>At least 25% increase in yields for rainfed sorghum, maize and irrigated vegetable and alfalfa production</li> <li>At least 30% increase in area with controlled soil erosion</li> </ul>	<ul style="list-style-type: none"> <li>Mid and end of term impact assessments</li> <li>Annual progress reports</li> </ul>	<ul style="list-style-type: none"> <li>All community development plans will include soil erosion, water harvesting and use of improved agricultural technologies/seeds</li> </ul>
<b>Component 3:</b> Rural women empowered to improve their health status and that of their children; sanitation facilities provided	<ul style="list-style-type: none"> <li>20 % increase in households accessing first line health services (BM: 56.1%)</li> <li>30% increase in HHs with and using functioning latrines</li> <li>% decrease in the prevalence of the major diseases (BM: diarrhoea 41%, acute respiratory infection 27.1% and malaria)</li> </ul>	<ul style="list-style-type: none"> <li>Progress reports</li> <li>Household surveys</li> <li>Nutritional surveys</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrated hygiene, child care and nutrition activities are adopted and result in improved practices</li> </ul>
<b>Component 4:</b> Programme effectively coordinated and managed towards impact	<ul style="list-style-type: none"> <li>100 communities and Local Councils develop strategic plans</li> <li>Programme plans are implemented effectively and efficiently</li> </ul>	<ul style="list-style-type: none"> <li>Mid and end of term impact assessments</li> <li>Annual progress reports</li> <li>Supervision reports</li> </ul>	<ul style="list-style-type: none"> <li>Availability of qualified and committed staff for recruitment</li> <li>VDCs and other members of community willing to effectively engage in PPM&amp;E</li> <li>Security will not negatively impact on staff ability to fulfil responsibilities</li> </ul>

(BM: Benchmark figures from NWICDP's 2008 survey)