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Enabling poor rural people
to overcome poverty

President's report on a proposed grant under the global/regional grants window to a non-CGIAR-supported international centre

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Abbreviations and acronyms

LDF	local development fund
LDFP	Local Development Finance Practice
UNCDF	United Nations Capital Development Fund
WCA	West and Central Africa

Recommendation for approval

The Executive Board is invited to approve the recommendation for a grant under the global/regional grants window to a non-CGIAR-supported international centre, as contained in paragraph 7.

President's report on a proposed grant under the global/regional grants window to a non-CGIAR-supported international centre

I submit the following report and recommendation on a proposed grant for agricultural research and training to a non-Consultative Group on International Agricultural Research (CGIAR)-supported international centre in the amount of US\$0.9 million.

Part I – Introduction

1. This report recommends the provision of IFAD support to the research and training programme of the following non-CGIAR-supported international centre: the United Nations Capital Development Fund (UNCDF).
2. The document of the grant for approval by the Executive Board is contained in the annex to this report:

United Nations Capital Development Fund (UNCDF): Promoting Local Economic Development and Food Security through Local Development Financing in the Decentralized Contexts of IFAD Country Programmes
3. The objectives and content of this technical assistance programme are in line with the evolving strategic objectives of IFAD and the Revised IFAD Policy for Grant Financing.
4. The overarching strategic goal that drives the revised grant policy, approved by the Executive Board in December 2009, is to promote successful and/or innovative approaches and technologies, together with enabling policies and institutions, that will support agricultural and rural development, empowering poor rural women and men in developing countries to achieve higher incomes and improved food security.
5. The policy aims to achieve the following outputs: (i) innovative activities promoted and innovative technologies and approaches developed in support of IFAD's target group; (ii) awareness, advocacy and policy dialogue on issues of importance to poor rural people promoted by, and on behalf of, this target group; (iii) capacity of partner institutions strengthened to deliver a range of services in support of poor rural people; and (iv) lesson learning, knowledge management and dissemination of information on issues related to rural poverty reduction promoted among stakeholders within and across regions.
6. The proposed programme is in line with the goal and outputs of the revised grant policy, in particular with the policy's third output (capacity of partner institutions strengthened to deliver a range of services in support of poor rural people) and its fourth output (lesson learning, knowledge management and dissemination of information on issues related to rural poverty reduction promoted among stakeholders within and across regions).

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 Programme for Promoting Local Economic Development and Food Security through Local Development Financing in the Decentralized Contexts of IFAD Country Programmes, shall provide a grant not exceeding nine hundred thousand United States dollars (US\$900,000) to the United Nations Capital Development Fund for a three-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze
President

United Nations Capital Development Fund (UNCDF): Promoting Local Economic Development and Food Security through Local Development Financing in the Decentralized Contexts of IFAD Country Programmes

I. Background

1. In Africa, more national governments are devolving authority to subnational or local governments so as to enhance democratic governance processes and decentralized systems. There is broad recognition that local governments have a crucial role to play in developing poverty reduction strategies that are adapted to local contexts and aimed at achieving the Millennium Development Goals. Reinforced policy and institutional frameworks for the provision of basic infrastructure and service delivery are two fundamental pillars to promote inclusive and participatory socio-economic development.
2. In most of the countries where IFAD operates, decentralization is at different stages and local governments are seen as an alternative for effective local development. The Democratic Republic of the Congo has stated its political will to advance a decentralization strategy and policy, and has reinforced the roles and responsibilities of the local government units within the existing institutional framework. Senegal has strengthened its socio-economic development strategy in recent decades by adopting a progressive and prudent decentralized policy. Within this context, in both the Democratic Republic of the Congo and Senegal and in other West and Central Africa (WCA) countries, the provision of financial resources to local governments is a fundamental source of revenue, often accounting for a considerable percentage of the total local government revenues. In this regard, it is essential for the success of the overall decentralization policy and strategy in these countries that such transfers achieve the objectives established and provide the right institutional incentives. Therefore, the establishment of local development funds (LDFs) will provide local government an effective and efficient budgeting and planning instrument.

II. Rationale and relevance to IFAD

3. The LDF features in the design and implementation of the two IFAD-cofinanced projects that the United Nations Capital Development Fund (UNCDF) will support under this grant. In the case of the Integrated Agriculture Rehabilitation Programme in Maniema Province in the Democratic Republic of the Congo, the LDF is designed to provide financial support to income-generating activities and community infrastructure. In the case of the Support to Agricultural Development and Rural Entrepreneurship Programme in Senegal, the design features the use of matching grants for the financing of: (i) rural roads; (ii) the rehabilitation and development of irrigation schemes; (iii) equipment for production, post-harvest handling and transformation; and (iv) technical assistance to producers' organizations in marketing and transformation.
4. The regional grant instrument is used here to finance technical assistance to two ongoing IFAD-funded projects for the following reasons: (i) the regional dimension makes it possible to tap successful experiences in countries such as Benin, Mali and the Niger, and to develop knowledge exchanges on the LDF with a network of projects; (ii) the programme will initially focus on the Democratic Republic of the Congo and Senegal, with possible replication in other countries.
5. The present grant proposal contributes to three strategic objectives of the IFAD Strategic Framework 2011-2015: (i) **Strategic objective 2** – access for poor rural women and men to services to reduce poverty, improve nutrition, raise incomes and build resilience in a changing environment. The LDF is expected to finance income-

generating activities and community infrastructure that has a direct impact on production and marketing of agricultural produce; (ii) **Strategic objective 4** – poor rural women and men and their organizations able to influence policies and institutions that affect their livelihoods. The decision-making body of the LDF will include representatives of the main social groups of smallholders, fishers, women, men, young people and indigenous groups; (iii) **Strategic objective 5** – enabling institutional and policy environments to support agricultural production and the full range of related non-farm activities.

III. The proposed programme

6. The overall goal of the programme is to contribute to improved results of IFAD-funded projects in terms of food security and rural incomes in the WCA region. The programme's objectives are to support IFAD-funded projects and their local partners in implementing local development tools, including the LDF, efficiently, inclusively and sustainably.
7. According to the nature of the demand and the level of the project phase, the grant will mainly target local authorities; local actors involved in local development processes, including farmers' organizations; and project beneficiaries, categorized by profession, gender, age and social status.
8. The programme will be of a three-year duration and will comprise three main components:
 - (a) On-demand support to IFAD country programmes
 - (b) Knowledge management and outreach
 - (c) Programme management

Components (a) and (b) are directly linked to the outputs and benefits as specified in the following section.

IV. Expected outputs and benefits

9. These are as follows:
 - Outcome 1: Improved development, implementation and monitoring of LDFs and other local development tools in IFAD-funded projects in the WCA region.
 - Output 1.1: Baseline information on planning and management tools and on the capacities of stakeholders and local actors is collected.
 - Output 1.2: Capacity of local authorities and the beneficiaries of IFAD-funded projects on public expenditure management and other local development tools is developed.
 - Output 1.3: Tools and instruments for local development, including the LDF and quality control, are used within the different IFAD-funded project phases.
 - Outcome 2: Knowledge management platform established and best practices disseminated to guide the replication of local development tools, particularly the LDF, in IFAD-funded projects elsewhere in the WCA region.
 - Output 2.1: Lessons learned, tools and best practices in local development, particularly in the LDF, are documented, managed and disseminated.
 - Output 2.2: A team of qualified cadres/organizations is developed in each country programme to support decentralization efforts and local economic development.
10. The following are the main benefits: (i) effective implementation of IFAD-funded projects and efficient use of investment resources to achieve food security, higher incomes and good living conditions; (ii) an information base on best practices in

inclusive local development, supported by various project actors in the Democratic Republic of the Congo and Senegal, which will be a good learning opportunity not only for these two countries, but, because of their comparative advantage of representing the reality of many countries in the region, also for others. UNCDF interventions in support of IFAD-funded projects, particularly in the Democratic Republic of the Congo and in Senegal, will, in addition to providing technical assistance, generate knowledge products that can be used to design, implement and support other IFAD-funded projects and therefore increase the sustainability of these interventions in the WCA region. A platform will be set up to promote exchanges both among the involved countries (and beyond) and between the two institutions. This collaboration will enable institutional learning, which can inform new high-impact interventions on issues of institutional development, food security and local economic development in various contexts that can be replicated in other countries in the region.

V. Implementation arrangements

11. IFAD's grant will be implemented by UNCDF, through its Local Development Finance Practice (LDFP) in its Regional Africa Office in Dakar. UNCDF will execute the activities linked to the grant in close partnership with IFAD. Funds will be transferred to UNCDF in accordance with their procedures, and in any case disbursements will follow IFAD provisions outlined in the grant agreement. A technical advisor will be recruited to join the UNCDF team and will act as a focal point of the grant. Based on the demand, he or she, with the support of other UNCDF core staff based in the regional office, will be responsible for identifying national expertise, providing advice, and implementing and monitoring a platform for knowledge and performance management. Professional services, including consultancies, will be required to cover particular aspects such as communication tools, training, manuals, strategic knowledge products, events and joint workshops, and management of the knowledge platform.
12. UNCDF's technical responsibilities will comprise technical support, technical review of proposals, follow-up and monitoring, reporting and communication.
13. A project steering committee comprised of representatives of UNCDF, local governments and participating projects will provide overall guidance of the partnership. The committee will meet once a year to assess the progress made and approve the annual workplan and budget.
14. IFAD's West and Central Africa Division will technically assess the outcomes of the activities undertaken and will be responsible for the overall supervision of the programme. The knowledge management plan, annual workplan and budget, and the terms of reference of support missions will be jointly scheduled and agreed with IFAD. UNCDF will systematically participate in supervision and implementation support missions. Its experts from a variety of countries and regions will undertake follow-up support visits to the IFAD-funded projects on a demand basis and as agreed upon in the joint annual workplan and budget.
15. The partnership will be based on (i) an agreed joint knowledge management strategy at the beginning of the programme, and (ii) an agreed annual workplan based on the needs of the IFAD-funded projects in the WCA region.

VI. Indicative programme costs and financing

16. The total budget for three years is US\$1.07 million, of which IFAD's contribution amounts to US\$900,000 and UNCDF's contribution amounts to US\$170,000.

Summary of budget and financing plan

(Thousands of United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>	<i>UNCDF in kind cofinancing</i>
Technical assistance and consultancies ^a	402	150
Knowledge management platform and communications ^b	250	
Travel costs ^c	90	
Management and operational costs ^d	81	
Training/capacity-building/reporting	60	
Miscellaneous	17	
Equipment	0	20
Total	900	170

^a Long-term technical expertise plus technical support from UNCDF technical advisors, country technical advisors and monitoring and evaluation experts to improve project reporting and planning tools, promote learning across the region and help to use LDFs to build and consolidate institutions for better governance.

^b Knowledge product generation and platform, LDF manual, tools and guides. Capacity development, manuals, mapping exercises, communication supports, event and workshop organization, publications on strategic knowledge products and learning across the region.

^c Regular support missions to participating countries, conferences, workshops and outreach. Travel related to a request for programme services will be fully funded by the project concerned.

^d Including 7 per cent of the grant amount for management fees (US\$63,000) and US\$18,000 for operating charges.

17. Technical assistance that encompasses long-term expertise and consultancies is justified as follows:

- The appointment of a technical advisor in charge of the grant is a basis of guarantee of delivery and clear accountability for UNCDF.
- IFAD-funded projects in the Democratic Republic of the Congo, Senegal and elsewhere as applicable are advised and supported on designing, implementing and monitoring local development tools, particularly the LDF, to promote and enhance local governance.
- Knowledge products are generated, including a comprehensive guide on the LDF that can be used by countries and consultants for subsequent project design in the WCA region and other regions as applicable.

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	To contribute to improved results of IFAD funded projects in terms of food security and rural incomes in WCA region	The performance of IFAD funded projects that support decentralization is rated satisfactory against impact on household food security and household financial assets.	Portfolio review reports for WCA region for the period	<ul style="list-style-type: none"> Effective decentralization in the supported countries and government readiness to support sound public expenditure management systems
Objective	To support the IFAD funded projects and their local partners in implementing local development tools including the LDF, efficiently, inclusively and sustainably	Progress reports for the participating projects show that LDF and other tools are on target Supervision reports rate the LDF implementation as satisfactory	Progress reports of participating projects IFAD supervision reports	Lessons learned are documented and disseminated effectively
Outcomes/Outputs	<p>Outcome 1: Effective technical assistance and coaching on LDF and other local development tools</p> <p>Output 1.1: Baseline information on the planning and management tools and capacities of stakeholders and local actors are compiled.</p> <p>Output 1.2: Capacity of local authorities and project beneficiaries developed in the use of local development tools</p> <p>Output 1.3: Tools and instruments for local development including are used within the different project phases.</p> <p>Outcome 2: Knowledge management platform established and best practices disseminated to guide the replication of local development tools, particularly LDF in other IFAD WCA countries.</p> <p>Output 2.1: Lessons learnt, tools and best practices in local development, particularly in LDF are documented, managed and disseminated</p> <p>Output 2.2. A team of qualified cadre/ organizations is developed in each country programme to support decentralization efforts and local economic development</p>	<p>Indicator Outcome 1: The TA services provided by UNCDF are rated satisfactory by Government and IFAD</p> <p>Indicator Output 1.1: Baseline study completed for each participating project.</p> <p>Indicator Output 1.2: Number of persons trained (by sex). Target is 50/ project with 30% women</p> <p>Indicator Output 1.3: Number of LDF designed, implemented and evaluated. Target: 4 LDF</p> <p>Indicator Outcome 2: No. of users of web based site for LDF and other local development tools</p> <p>Indicator Output 2.1.1: Number of best practices and lessons learned recorded, documented and disseminated. Target: at least 4 documents or events/ year</p> <p>Indicator output 2.2: No. of national cadres or organizations who are resource persons in LDF and other local development tools.</p>	<p>Projects' progress reports and minutes of projects' steering committees</p> <p>Baseline report</p> <p>UNCDF progress reports</p> <p>UNCDF progress reports and portfolio review reports of WCA region</p> <p>UNCDF progress reports</p> <p>Document list on web site</p> <p>UNCDF progress reports</p> <p>CVs and organization synopsis on web site</p>	<p>Timely mobilization of qualified technical expertise.</p> <p>Adequate political support at the central and local levels to public expenditure management (PEM) procedures and decentralisation</p> <p>Continued strategic focus of IFAD country programs to support decentralization</p>

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
8	1. Assessment of local actors' capacities on PEM with a focus on food security and local economic development to set a baseline for local governments' performances and identify baseline indicators for the grant project	No of assessments carried out List of baseline indicators for the grant project	Assessment report	
	2. Designing and implementing effective and efficient capacity building strategies of local actors to reinforce local government capacities to operationalize the LDFs and enhance decentralized planning and budgeting processes etc...	- Capacity building plan agreed for each project. - Capacity building plan reflected in annual work plan and budget of the grant project	Capacity Building Manual Training reports	
	3. Developing procedures to enhance social dialogue for greater participation of local communities and organizations in PEM to enhance democratic local governance systems and promote an inclusive local development.	Operation manuals for the LDF specific to each participating IFAD funded project	Manual/consultation reports.	
	4. Mapping of beneficiaries, particularly disadvantaged groups to analyse the stakeholders' presence	Eligibility criteria for LDF financing are clear and inclusive	Mapping reports	
	5. Establishing and/or implementing the Local Development Fund	No of tools and best practices documented (disaggregated for tools and practices addressing the situation of vulnerable groups)	Planning and budgeting documents in the supported communities LDF financing reports	
	6. Documenting lessons learnt,, tools, best practices in local development	No of communication tools developed	Reports	
	7. Identifying and developing sound communication tools including website platform coupled with HR development to handle and disseminate knowledge products.	- Knowledge management strategy agreed in year 1 - Web site operational in year 1 - Active listserv	Communication supports	
	8. Organizing events and workshops on lessons learnt and best practices and south-south exchange missions	1 event organized at mid- term and one at completion of grant	Workshop reports	