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Enabling poor rural people
to overcome poverty

President's report on proposed revisions to grants under the global/regional grants window to CGIAR-supported international centres

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For: Approval

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Recommendation for approval

The Executive Board is invited to approve the recommendation on proposed revisions to grants under the global/regional grants window to CGIAR-supported international centres as contained in paragraph 7.

President's report on proposed revisions to grants under the global/regional grants window to CGIAR-supported international centres

I submit the following report and recommendation on proposed revisions to grants for agricultural research and training to Consultative Group on International Agricultural Research (CGIAR)-supported international centres in the amount of US\$2,441,905.

Part I – Introduction

1. This report recommends an amendment to the financial structure of the grants approved by the Executive Board on 24 September 2012 under the lapse-of-time procedure for the provision of IFAD support to the research and training programmes of the following CGIAR-supported international centres: International Center for Agricultural Research in the Dry Areas (ICARDA) and International Livestock Research Institute (ILRI).
2. The documents of the grants are contained in the annexes to this report:
 - (i) International Center for Agricultural Research in the Dry Areas (ICARDA): Integrated Crop-Livestock Conservation Agriculture for Sustainable Intensification of Cereal-based Systems in North Africa and Central Asia Programme; and
 - (ii) International Livestock Research Institute (ILRI): Innovative Beef Value Chain Development Schemes in Southern Africa.
3. The objectives and content of these applied research programmes are in line with the evolving strategic objectives of IFAD and the IFAD policy for grant financing.
4. The overarching strategic goal that drives the Revised IFAD Policy for Grant Financing, which was 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: (a) innovative activities promoted and innovative technologies and approaches developed in support of IFAD's target group; (b) awareness, advocacy and policy dialogue on issues of importance to poor rural people promoted by, and on behalf of, this target group; (c) capacity of partner institutions strengthened to deliver a range of services in support of poor rural people; and (d) 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 programmes are in line with the goal and outputs of the revised grant policy.
 - (i) The Integrated Crop-Livestock Conservation Agriculture for Sustainable Intensification of Cereal-based Systems in North Africa and Central Asia

Programme supports outputs (c) and (d) by contributing to the strategic objective of capacity development, knowledge management, and the dissemination of information to stakeholders to assist in the alleviation of rural poverty.

- (ii) The programme for Innovative Beef Value Chain Development Schemes in Southern Africa is in line with the goal and outputs of the revised IFAD grant policy particularly in that it provides a platform for innovative activities by individual resource-poor men and women, and by groups and communities that in turn demand market-provided services. The programme has a strong knowledge management component both in its own right and in terms of support to existing IFAD-funded projects and other pro-poor livestock projects in the region. It engages the private sector and supports market functions, as well as raising the private sector's capacity to deliver poverty-reducing value chain interventions. As a result of its targeting of extensive cattle production systems as a source of animals for fattening, the programme will forge a strong link between food safety, income generation and value addition on one hand and care of the natural resource base on the other. The programme supports IFAD's policy priorities by establishing models of whole-chain beef cattle development that can be immediately scaled up throughout the region; supporting research findings to assist targeting, defining partner and private-sector roles, and overcoming constraints.

Part II – Recommendation

7. I recommend that the Executive Board approve amendments to the proposed grants in terms of the following resolutions:

RESOLVED: that the financial structure of the grant approved by the Executive Board on 24 September 2012 under the lapse-of-time procedure to finance the Integrated Crop-Livestock Conservation Agriculture for Sustainable Intensification of Cereal-based Systems in North Africa and Central Asia Programme shall be modified, and the grant shall be channelled through the World Bank, as trustee of the CGIAR Fund, in accordance with funding Window 3 of the CGIAR Fund;

FURTHER RESOLVED: that the financial structure of the grant approved by the Executive Board on 24 September 2012 under the lapse-of-time procedure to finance the Innovative Beef Value Chain Development Schemes in Southern Africa shall be modified, and the grant shall be channelled through the World Bank, as trustee of the CGIAR Fund, in accordance with funding Window 3 of the CGIAR Fund.

Kanayo F. Nwanze
President

International Center for Agricultural Research in the Dry Areas (ICARDA): Integrated Crop-Livestock Conservation Agriculture for Sustainable Intensification of Cereal-based Systems in North Africa and Central Asia Programme

I. Background

1. The Executive Board approved a grant of US\$1.5 million to finance the Integrated Crop-Livestock Conservation Agriculture for Sustainable Intensification of Cereal-based Systems in North Africa and Central Asia Programme on 24 September 2012 under the lapse-of-time procedure.
2. The overall goal of the programme is to enhance sustainability of natural resource use, increase farm profitability through greater efficiency, and improve the livelihoods of resource-poor farmers through the large-scale adoption of conservation agriculture technologies in crop-livestock production systems that capitalize on the synergies that link crops, livestock and soil.
3. The programme objective is to use integrated and participatory research to enable farmers and National Agricultural Research and Extension Systems to develop and test innovative approaches, management options and practices for the adoption of integrated crop-livestock conservation agriculture (CLCA) by smallholders in Central and West Asia and North Africa (CWANA).
4. The programme has two main components: (i) understanding and responding to the trade-offs, constraints and opportunities related to adopting CLCA systems in the project areas of CWANA; and (ii) knowledge management and dissemination of CLCA techniques in CWANA.

Summary of budget and financing plan (United States dollars)

<i>Number</i>	<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing</i>
1	Personnel ^a	459 000	173 000
2	Travel costs	195 000	73 000
3	Equipment and goods ^b	193 700	73 000
4	Operational costs ^c	283 800	107 000
5	Training/workshops/publications ^d	197 000	74 000
6	Overheads	171 500	-
	Total	1 500 000	500 000

^a Personnel costs include: national/regional coordinators and technical officers.

^b Equipment and goods include: fences, seeders and computers/printers.

^c Operating costs include: surveys, on-farm trials and soil/feed analysis.

^d Training/workshops/publications include: field days, farmers' training and student workshops.

II. Rationale

5. At the time of approval, the financial structure for the grant was identified as one in which the grant funds would flow directly to ICARDA.
6. This document proposes an amendment to the fund-flow mechanism in order to conform to the new financial modalities requiring all donor members of the CGIAR Fund Council to channel their funding through the CGIAR Fund. The CGIAR Fund is

a multi-donor trust fund administered by the World Bank as trustee, and governed by the CGIAR Fund Council.¹ The CGIAR Fund was established within the framework of the CGIAR reform.

7. The programme approved by the Executive Board in September 2012 will continue to be implemented in full compliance with IFAD financial management procedures and guidelines on procurement and audit, and with specific fiduciary arrangements and requirements. A contribution agreement will be entered into between IFAD and the World Bank (as CGIAR Fund trustee), setting forth the terms and conditions for the administration of the grant by the trustee. A grant implementation agreement will also be entered into between IFAD and ICARDA, establishing the implementation modalities of the programme, as well as detailed fiduciary arrangements.
8. As approved by the Executive Board in September 2012, grant funds will continue to be transferred in instalments to the recipient, through the trustee, conditional on the signature of both the contribution agreement and the grant implementation agreement. Disbursements will continue to be made on the basis of withdrawal applications from the trustee. The first advance will be supported by an approved annual workplan and budget (AWPB) and, for subsequent instalments, by a statement of expenditures from the recipient and the annual audited financial statements of the recipient. The first advance will include the amount to be transferred by the trustee to the recipient covering the expenditures approved in the relevant AWPB, plus the 2 per cent charge to the grant budget to be retained by the trustee payable as a cost-sharing percentage agreed by all donors to cover, inter alia, the cost of independent quality assurance, external audit and independent evaluation arrangements. This 2 per cent charge is deductible under the original overheads category of expenditures as ICARDA has agreed to reduce its proportional share of overhead costs, therefore it is not incremental to the original overhead amount or to the grant budget.
9. At the end of the programme, the recipient will provide IFAD with an external audit report and opinion letter on the final statement of expenditures covering the entire grant amount. Any grant balance remaining unutilized at the completion of the programme will be returned directly to IFAD by the recipient within four months from programme completion.
10. The programme will be managed by ICARDA. ICARDA will be responsible and accountable to IFAD for overall implementation, as well as for financial and technical reporting to IFAD.
11. All other aspects of the grant design document will remain as approved by the Executive Board on 24 September 2012 under the lapse-of-time procedure.

¹The Fund Council is the CGIAR's Fund decision-making body representing all Fund donors.

International Livestock Research Institute (ILRI): Innovative Beef Value Chain Development Schemes in Southern Africa

I. Background

1. The Executive Board approved a grant of US \$941,905 to finance Innovative Beef Value Chain Development Schemes in Southern Africa on 24 September 2012 under the lapse-of-time procedure.
2. The programme's overall goal is to improve and render sustainable the livelihoods earned by smallholders from cattle production and marketing.
3. The programme's objectives are to: (i) provide smallholders with a viable cattle value addition mechanism that is coordinated with market requirements; (ii) design and demonstrate effective financial instruments and suitable products for enabling smallholder value addition in cattle systems; and (iii) generate and disseminate knowledge and encourage its uptake throughout the Southern African region.
4. The programme will comprise three main components, implemented in overlapping phases (i) capacity- and institution-building: organizational support to traders and producers, promotion of the programme, engagement of value chain participants and certification of traders; (ii) undertaking of a proof-of-concept exercise for a value chain finance product: value chain analysis and participatory activity design, formulation of effective financial instruments and supporting contracts, introduction and testing of a new product, and action research; and (iii) a scaling-up phase focused on communication and knowledge management: outcome mapping, information and experience exchange with projects in neighbouring countries, and a regional conference.

Summary of budget and financing plan (United States dollars)

<i>Number</i>	<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing*</i>
1	Personnel	310 789	16 520
2	Consultants	142 356	-
3	Travel	139 395	-
4	Operating expenses	134 980	95 300
5	Equipment and supplies	99 520	-
6	ILRI overheads and related costs	114 865	128 093
	Total	941 905	239 913

* The cofinancing partners are the beneficiaries and ILRI.

II. Rationale

5. At the time of approval, the financial structure for the grant was identified as one in which the grant funds would flow directly to ILRI.
6. This document proposes an amendment to the fund-flow mechanism in order to conform to the new financial modalities requiring all donor members of the CGIAR Fund Council to channel their funding through the CGIAR Fund. The CGIAR Fund is a multi-donor trust fund administered by the World Bank as trustee, and governed by the CGIAR Fund Council. The CGIAR Fund was established within the framework of the CGIAR reform.
7. The programme approved by the Executive Board in September 2012 will continue to be implemented in full compliance with IFAD financial management procedures

and guidelines on procurement and audit, and with specific fiduciary arrangements and requirements. A contribution agreement will be entered into between IFAD and the World Bank (as CGIAR Fund trustee), setting forth the terms and conditions for the administration of the grant by the trustee. A grant implementation agreement will also be entered into between IFAD and ILRI, establishing the implementation modalities of the programme, as well as detailed fiduciary arrangements.

8. As approved by the Executive Board in September 2012, grant funds will continue to be transferred in instalments to the recipient, through the trustee, conditional on the signature of both the contribution agreement and the grant implementation agreement. Disbursements will continue to be made on the basis of withdrawal applications from the trustee. The first advance will be supported by an approved annual workplan and budget (AWPB) and, for subsequent instalments, by a statement of expenditures from the recipient and the annual audited financial statements of the recipient. The first advance will include the amount to be transferred by the trustee to the recipient covering the expenditures approved in the relevant AWPB, plus the 2 per cent charge to the grant budget to be retained by the trustee payable as a cost-sharing percentage agreed by all donors to cover, inter alia, the cost of independent quality assurance, external audit and independent evaluation arrangements. This 2 per cent charge is deductible under the original overheads category of expenditures as ILRI has agreed to reduce its proportional share of overhead costs, therefore it is not incremental to the original overhead amount or to the grant budget.
9. At the end of the programme, the recipient will provide IFAD with an external audit report and opinion letter on the final statement of expenditures covering the entire grant amount. Any grant balance remaining unutilized at the completion of the programme will be returned directly to IFAD by the recipient within four months from programme completion.
10. The programme will be managed by ILRI. ILRI will be responsible and accountable to IFAD for the overall implementation, as well as for financial and technical reporting to IFAD.
11. All other aspects of the grant design document will remain as approved by the Executive Board on 24 September 2012 under the lapse-of-time procedure.