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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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**For: Approval**

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## 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 to a non-Consultative Group on International Agricultural Research (CGIAR)-supported international centre (Oxfam Italia) in the amount of US\$1.3 million.

### Part I – Introduction

1. This report recommends the provision of IFAD support to the Smallholder Access to Markets in Bosnia and Herzegovina and Egypt Programme of the following non-CGIAR-supported international centre: Oxfam Italia
2. The document of the grant for approval by the Executive Board is contained in the annex to this report:

#### **Oxfam Italia (OIT) Smallholder Access to Markets in Bosnia and Herzegovina and Egypt Programme**

3. The objectives and content of this programme are in line with the strategic objectives of IFAD and the Fund's 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 programme is aligned with the following goals of the Revised IFAD policy for Grant Financing: (i) promote innovative activities and technologies and develop approaches in support of IFAD's target group (ii) promote awareness, and policy and advocacy dialogue on issues of importance to poor rural people, and on behalf of, its target group; (iii) strengthen capacity of partner institutions to deliver a range of services in support of poor rural people; and (iv) promote lesson learning, knowledge management and dissemination of information.

## **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 Access to Markets in Bosnia and Herzegovina and Egypt Programme, shall make a grant not exceeding one million and three hundred thousand United States dollars (US\$1,300,000) to Oxfam Italia 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

## **Oxfam Italia (OIT) Smallholder Access to Markets in Bosnia and Herzegovina and Egypt Programme**

### **I. Background**

1. In Bosnia and Herzegovina and Egypt, even when market opportunities exist, smallholder farmers face difficulties in moving from subsistence production to commercial ventures for a number of reasons, including small-scale production, fragmented landholdings, lack of technical and market knowledge, lack of access to finance and poor infrastructure. Nevertheless, rural and marginalized areas often have untapped assets and the potential for increased food security, diversified income generation and sustainable local development. This potential can be realized through the implementation of an integrated approach that adds value to local and traditional products, supports local value chains, facilitates the access of smallholders to regional, national and international markets, and promotes cooperation among community-based organizations (CBOs), farmers' marketing associations, small and medium-sized enterprises (SMEs), and local and national institutions.
2. Both Bosnia and Herzegovina and Egypt are strategically located in terms of their proximity to European Union markets. Both countries have undergone economic difficulties in recent years (as a result of the 1995 Balkan War in Bosnia and Herzegovina and the 2011 Arab Spring in Egypt), however their economies have significant potential for good recovery. In Bosnia and Herzegovina over the past decade nominal GDP more than trebled and now approaches pre-war levels, with real growth rates averaging over 5 per cent between 2005 and 2007. Egypt has shown potential for economic growth and has been attracting consistent foreign investment. However, this overall growth did not bring social benefits and new opportunities, especially to rural areas. In fact, poverty is primarily a rural phenomenon, with rural areas lagging behind in terms of poverty reduction.
3. Considering the substantial role that agriculture plays in both countries, investments in agricultural development provide the most effective route to poverty alleviation in Bosnia and Herzegovina and Egypt. Rural and marginalized communities need improved institutional arrangements and technological processes to enhance their coordination capacity and improve their participation in efficient and pro-poor value chains.

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

4. Over the past few years, IFAD has been collaborating with OIT, obtaining satisfactory results and good performance with regard to management and implementation of activities. OIT has extensive experience in Bosnia and Herzegovina, and Oxfam Novib has a strong presence in Egypt. OIT's livelihood projects in both countries mainly focus on reducing rural poverty by increasing agricultural productivity and efficiency, linking producers to markets, supporting producers' associations and making finance accessible to SMEs. With regard to the proposed grant, OIT's main strength is its bottom-up approach, which aims to fully involve local actors in value chain interventions and ensure equitable profit distribution among all stakeholders. OIT will build the proposed activities on its well-developed network of local and transnational institutions. This will guarantee institutional support, shared approval of interventions and strategies, and an already established collaborative relationship with SMEs, CBOs and institutions at the local and national level.
5. The objectives of OIT are in line with IFAD's overarching goal and strategic objectives. In particular, OIT recognizes the importance of promoting gender equality and women's empowerment and its considerable experience in this field

demonstrates that investments in women's entrepreneurship represent a crucial, albeit often disregarded, source of economic and social growth. Women have an important role to play in agricultural activities and in contributing to increased family income.

6. The Governments of Bosnia and Herzegovina and Egypt have already initiated cross-fertilization activities, and this grant will promote cross-learning that will help overcome challenges related to the transfer of expertise from the Central and Eastern Europe and Newly Independent States region to the Near East and North Africa region. The proposed programme will support the learning and adoption of similar approaches by farmers' organizations and models to enhance their access to markets and their profitable participation in value chains. In addition, it will strengthen institutional capacity at the local level to ensure the future replication and scaling up of this approach.
7. The activities under this proposal are in line with IFAD's Strategic Framework 2011-2015, and will contribute towards the following strategic objectives:
  - **Access to a natural resource and economic asset base for poor rural women and men that is more resilient to climate change, environmental degradation and market transformation.** The programme will support poor rural women and men in managing profitable, sustainable and resilient farm and non-farm enterprises and taking advantage of decent work opportunities. This will be achieved by building the technical and organizational skills of smallholders and their organizations through training sessions, technical assistance, continuous monitoring and exchange visits.
  - **Access for rural women and men to services that will help reduce poverty, raise incomes and build resilience in a changing environment.** The programme will ensure the aggregation of local associations and cooperatives to make sure they can become a reliable counterpart for local institutions, by raising awareness and sharing information about existing services and opportunities. Networking and coordination among the various stakeholders will be supported to favour closer collaboration and interaction. Gender mainstreaming and creation of local opportunities will be cross-cutting concerns.
  - **Enhance the capabilities of rural women and men and their organizations to influence policies and institutions that affect their livelihoods and enable institutional policy environments to support agricultural production and the full range of related non-farm activities.** The programme will achieve this by organizing awareness-raising activities to help sensitize communities and local authorities and institutions. Good governance mechanisms to improve communication and coordination between farmers' organizations and local institutions will be identified and piloted (such as information days involving local institutions or regular consultation meetings).
8. In Bosnia and Herzegovina, the programme will be linked to the IFAD-supported Rural Livelihoods Development Project and the Rural Enterprise Enhancement Project, while in Egypt it will work with the West Nubaria Rural Development Project, the Upper Egypt Rural Development Project, the On-farm Irrigation Development Project in the Oldlands and the Promotion of Rural Incomes through Market Enhancement Project.

### III. The proposed programme

9. The overall goal is to improve the livelihoods of rural poor communities in disadvantaged areas of both countries through profitable participation by smallholders in efficient value chains.

10. The programme's objective is to enhance smallholder farmers' access to remunerative markets for targeted products.
11. The target group will consist of: (i) small farming households (6,750 households), (ii) farmers' organizations (2,400 small producers), and (iii) local institutions and private organizations (200 stakeholders).
12. The programme will be implemented over three years and will have four main components: (i) production improvement; (ii) product marketing; (iii) territorial-level initiatives; and (iv) dissemination of lessons learned.

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

13. These include the following: (i) growth and quality improvement of selected value chains and environmentally friendly rural business supported; (ii) marketing facilities and capacity of smallholders' organizations improved; (iii) participation of local stakeholders in decision-making for local development enhanced; and (iv) lessons learned disseminated in Bosnia and Herzegovina and Egypt and at the international level.

#### **V. Implementation arrangements**

14. OIT will be the grant recipient and the implementing agency in charge of overall programme management and coordination. OIT will directly implement activities in Bosnia and Herzegovina in collaboration with national partners, while Oxfam Novib will implement activities in Egypt in collaboration with the Coptic Evangelical Organization for Social Services, one of the main counterpart institutions in Egypt. OIT and Oxfam Novib will sign an implementation sub-agreement at programme start-up.
15. Tools and protocols have been developed within the Single Management Structure of the Oxfam International Confederation to ensure the quality of fund management across the different affiliates (in this case OIT and Oxfam Novib). Although grant resources will be transferred indirectly to Oxfam Novib, OIT will be ultimately responsible and remain accountable to IFAD for ensuring that grant resources are used in accordance with the provisions of the financing agreement, and are fully accounted for. Specific provisions with regard to the flow of funds, financial reporting and audit will be included in the implementation sub-agreement to be signed by OIT and Oxfam Novib.

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

16. Total programme costs amount to US\$1,967,961. IFAD will contribute US\$1,300,000, equivalent to 66 per cent of total costs. IFAD's contribution towards technical assistance (US\$410,606 or 93 per cent of technical assistance) includes mainly local consultancies for the technical implementation of programme activities, thus building local capacity. The remaining US\$30,000 (7 per cent) will be invested in international consultancies.
17. Total cofinancing will amount to US\$667,961, equivalent to 34 per cent of total programme costs. OIT will contribute US\$509,961 (26 per cent) to field activities and programme management. This will consist of cash contributions (through funds from donors including the European Union, the Ministries of Foreign Affairs of Italy and the Netherlands, Italian and Dutch foundations and private fundraising) and in-kind contributions (premises, office facilities, car, staff). Out of OIT's total contribution, 50 per cent will be allocated to Egypt and 50 per cent to Bosnia and Herzegovina.
18. Programme beneficiaries will contribute US\$158,000 (8 per cent of total cost) of which US\$88,000 will be in the form of cash (for equipment purchase and pilot

initiatives at territorial level) and US\$70,000 will be in-kind (training facilities and local consultants).

19. Equipment will be purchased to improve the services provided by smallholders' associations, and will be donated to beneficiaries (producers' cooperatives and associations) at the end of the programme.

**Summary of budget and financing plan**

(Thousands of United States dollars)

<i>Number</i>	<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing<sup>1</sup></i>
1	Personnel (including subcontractors)	178 304	143 136
2	Technical assistance	410 606	206 844
3	Travel costs	61 440	10 960
4	Equipment	130 032	84 600
5	Operational costs, reporting and publications	22 945	37 018
6	Training/capacity-building	183 672	78 278
7	Sub-grants	207 955	107 125
8	Overhead	105 046	-
	<b>Total</b>	<b>1 300 000</b>	<b>667 961</b>

<sup>1</sup> Where applicable.



# Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	To improve livelihoods of rural poor communities in disadvantaged areas of Bosnia-Herzegovina and Egypt by strengthening local value chains and policy dialogue	Increase percentage of revenue of HHs and SMEs operating in agribusiness & ecotourism ; Local strategies and policies for rural development identified with the participation of FOs	Survey results; Project data results	
<b>Objectives</b>	Smallholders farmers' access to remunerative markets for targeted products improved	At least 30% of supported farmers have access to 4 new markets/ most profitable markets; 15% increase in trading volume of target products; At least 20 of new contracts of trade signed by coops & assocos with local and int. buyers	Financial records of smallholders organizations; Baseline and impact surveys	Support from local government to production of traditional products ; Stability of local or Intl markets (with ref. to targeted products) ; Increased consumers sensibility and interest towards local products
<b>Outputs</b>	<p><b>Output 1</b> Growth and quality improvement of selected value chains and environmental friendly rural business supported</p> <p><b>Output 2</b> Smallholders' organizations' marketing facilities and capacities improved</p> <p><b>Output 3</b> Enhanced participation of local stakeholders in decision making for local development</p> <p><b>Output 4</b> Lessons learned disseminated in both countries and at international level</p>	<p>6,750 farmers trained in crops production practices &amp; tech ; At least 30% of trained producers adopt the quality system production recommendations; At least 20% of the targeted smallholders adopt environmental friendly rules in their farms ; N. of farmers accessing advisory services; N. of farmers reporting production/yield increase</p> <p>120 managers of smallholders orgs improve their skills in management organization, financial planning, marketing &amp; communication; 10 smallholders orgs use new facilities and equipment; N. Agric prod groups/ elected committees with women and youth in leadership position; N. of new contract farming; N. of producers engaged in prod and marketing contracts signed by smallholders orgs; % of new members of smallholders organizations; % of increase of organization's <i>share capital</i> ; N. of smallholders benefiting from improved market access</p> <p>10 public-private partnerships activated to support value chain of selected products; 100 staff of local institutions and private organizations have increased their capacities in definition and implementation of pro-poor policies and strategies in rural areas at least 100 staff of local institutions and private org have been trained &amp; sensitized on territorial dev.</p> <p>2.000 handbooks on good practices distributed to representatives of CBOs, local &amp; national institutions, etc. ; N. of new initiatives activated according to good practices disseminated</p>	<p>Project documents and reports; Contracts; Registration books of FOs; M&amp;E reports; Beneficiaries' auto evaluations of trainings; Surveys</p>	Active involvement of national and local institutions in the project activities; Active participation of the project beneficiaries to the project activities
<b>Key Activities</b>	<p><b>Component 1: Production improvement</b> Product quality research; Trainings, workshops and implementation of pilot initiatives; Technical assistance</p> <p><b>Component 2: Marketing of product</b> Market research; Management assistance and trainings; Small equipment delivery; Technical assistance</p> <p><b>Component 3: Initiatives at territorial level</b> Trainings on territorial marketing concept; Pilot actions for promoting the territory; Advocacy campaigns</p> <p><b>Component 4: Lesson learned dissemination</b> Study visit and sharing of experiences; Definition, printing and dissemination of informational material; Final conference, evaluation and scale-up</p>	<p>4 needs assessment for new communities (Egypt); 36 trainings for 6.750 producers focused on the improvement of product quality and quantity; 2 scientific researches on each product (BiH); 16 sub-grants (by gender) for pilot initiatives at community level for improvement of prod (Egypt)</p> <p>6 market researches ; Promotion of prods at least in 4 fairs at local &amp; reg. level; 6 business plans defined and adopted by Smallholders Orgs (BiH); 14 trainings in mnngt &amp; marketing addressed to 120 staff of Smallholders org</p> <p>2 sub-grants (BiH) for pilot initiatives at community level for marketing of products as well as for territorial promotion; 8 trainings (BiH) on territorial marketing and valorization of traditional products; Tech assistance (BiH) for the definition of 2 integrated territorial development actions based on traditional products; 2 advocacy campaigns (Egypt)</p> <p>3 initiatives of knowledge sharing targeting at least 200 stakeholders; 1 intl. conference attended by 60 intl. stakeholders</p>	<p>Project documents and progress reports; Baseline survey; Final monitoring and evaluation results; Completion report</p>	