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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 CGIAR-supported international centre

World Agroforestry Centre (ICRAF)

Note to Executive Board representatives

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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 CGIAR-supported international centre as contained in paragraph 8.

President's report on a proposed grant under the global/regional grants window to a CGIAR-supported international centre: World Agroforestry Centre (ICRAF)

I submit the following report and recommendation on a proposed grant for agricultural research and training to a Consultative Group on International Agricultural Research (CGIAR)-supported international centre in the amount of US\$1.5 million.

Part I – Introduction

1. This report recommends the provision of IFAD support to a research and training programme of the following CGIAR-supported international centre: World Agroforestry Centre (ICRAF).
2. The document of the grant for approval by the Executive Board is contained in the annex to this report:

World Agroforestry Centre (ICRAF): Climate-smart, tree-based co-investment in climate change adaptation and mitigation in Asia
3. The objectives and content of this applied research programme are in line with the evolving strategic objectives of IFAD and its 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 in line with the goal and outputs of the revised IFAD grant policy, by promoting innovative technologies and approaches to improve the livelihoods and resilience of smallholder farmers, IFAD's main target group.
7. The proposed grant will be disbursed through the CGIAR Fund, which is a multi-donor trust fund administered by the World Bank, as trustee, and governed by the Fund Council.¹ The CGIAR Fund was established within the framework of the reform

¹ The Council is the CGIAR Fund's decision making body, which represents all Fund donors.

of the CGIAR. Channelling the grant through the CGIAR Fund trustee entails an additional 2 per cent cost-sharing contribution to the World Bank (as trustee), as per the Fund Council's rules and regulations.

Part II – Recommendation

8. 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 Climate-smart, tree-based co-investment in climate change adaptation and mitigation in Asia programme, shall provide a grant, through the trustee of the CGIAR Fund, not exceeding one million five hundred thousand United States dollars (US\$1,500,000) to the World Agroforestry Centre 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

World Agroforestry Centre (ICRAF): Climate-smart, tree-based co-investment in climate change adaptation and mitigation in Asia

I. Background

1. Smallholder farmers in Asia and the Pacific region are exposed to climate change risks and their vulnerability is increased by their weak adaptive capacity. These farmers are crucial to providing the growing population with food, yet agricultural land destined for food production is projected to expand by no more than 12 per cent globally to meet a needed 70 per cent increase in production. Existing intensification methods to increase yields have generally depleted environmental resources and concomitantly increased vulnerability to climate variability, creating a vicious circle. Vulnerability is a highly variable condition because the risks, shocks, changes and ability to cope differ across physical space and social grouping. Vulnerability is also scale-dependent and varies according to the unit of analysis: individual, household, community, region and system. The factors that influence vulnerability change over time.
2. Climate-smart, tree-based agriculture can intensify production while maintaining environmental capacity to provide services. A diverse range of tree species are usually found in agricultural landscapes. They form important harbours of plant and animal biodiversity and help maintain connections between natural forest fragments, for example by acting as corridors for animals, pollinators and seeds. Wooded landscapes help maintain healthy watersheds by buffering variations in rainfall. Farmland trees also help safeguard forest integrity, which is under threat from climate change. Building on this, the proposed programme will help to identify and mainstream climate-smart, tree-based agricultural good practices into the programmes of the Governments, NGOs and the private sector in Indonesia, the Philippines and Viet Nam.

II. Rationale and relevance to IFAD

3. The proposed grant is consistent with three of the objectives of IFAD's Strategic Framework 2011-2015 by promoting environmental sustainability and resilience to risks. It is aligned with the IFAD Policy on Grant Financing, which promotes innovative activities, technologies and approaches in support of IFAD's target groups. It is also consistent with the grant strategy for Asia and the Pacific region as it supports innovations that reduce the risk and vulnerability of poor rural women and men through technological change and/or management systems. The grant is closely aligned with the country strategic opportunities programmes (COSOPs) of the three target countries (Indonesia, Philippines and Viet Nam). This programme will also contribute to gender equality and women's empowerment.
4. At the IFAD Governing Council in 2012, a "landscape approach" to agriculture was cited as a way of offering improved livelihood opportunities to smallholders. This proposal addresses three questions posed by the Council:
 - Can green approaches – such as conservation agriculture, sustainable forest management and integrated pest management – be applied universally? What are the barriers to their implementation?
 - Given current knowledge about sustainable agriculture and the evidence of how these approaches have succeeded throughout the world, why has there been no concerted effort by governments to create the policy environment for scaling up these approaches globally?
 - How can public-private partnerships be encouraged and used to drive "green growth" for smallholders?

5. Globally, approximately 560 million people live in agricultural ecosystems with more than 10 per cent tree cover and mitigate climate change by maintaining these landscapes and adapting to changing conditions. However, their active contribution depends on their socio-economic, ecological and institutional settings.
6. ICRAF, with the support of IFAD, has helped establish incentive schemes for providing environmental services as part of climate change mitigation. The Rewarding Upland Poor for Environmental Services programme tested rewards for environmental services schemes, which were shown to reduce vulnerability and provide an efficient and fair way of investing rural development funds. ICRAF has an extensive network of partners ranging from farmers' associations through NGOs to government agencies in the target countries. In addition, ICRAF is able to provide cofinancing by mobilizing resources from concurrent projects. Through this grant, IFAD's capacity to engage in strategic and catalytic activities in the areas of knowledge management, partnership building, policy dialogue and analysis will be strengthened. Given the innovative nature of the proposed research programme, a grant is the most appropriate form of funding.

III. The proposed programme

7. The overall goal of the programme is to improve the livelihoods and resilience of smallholder farmers through the promotion of climate-smart, tree-based agriculture in Indonesia, Philippines and Viet Nam. The programme's objectives are to:
 - (i) assess climate change vulnerability of farmers – both women and men – and synthesize local ecological knowledge that reduces vulnerability; (ii) enable local communities to devise climate-smart, tree-based adaptation best practices in collaboration with the downstream users of the environmental services who will co-invest to ensure the flow of environmental services; and (iii) integrate gender-responsive, culture-sensitive climate change mitigation and adaptation actions to improve smallholder livelihoods into mainstream policies and programmes.
8. The target groups are: (i) smallholders, both women and men, in less productive environments in the three countries (as well as globally), who are vulnerable to environmental degradation and climate change; (ii) policymakers in Indonesia, Philippines and Viet Nam at local, subnational and national levels; and (iii) policymakers in neighbouring countries and globally, including IFAD and other development agencies.
9. The programme will be of a three-year duration and will comprise three main components:
 - (i) **Gender-sensitive assessment of vulnerability and adaptation and mitigation capacity.** Activities will include analysis of farmers' vulnerability in terms of their exposure, sensitivity and adaptive capacity to changing climatic patterns in the three countries; and assessment of the role of wooded landscapes in providing ecological, social and economic buffers against climatic shocks.
 - (ii) **Co-investment in provision of environmental services.** Activities will include assisting local communities in developing pro-poor gender-equitable business cases for environmental services; facilitating contract negotiations and implementation between environmental service providers and beneficiaries; and assessing the status of natural, human, financial, physical and social capital and disaggregating data by gender and wealth at the beginning and end of programme. In addition to collaborating with local government units, line agencies and local NGOs, private-sector engagement will be pursued at the outset to obtain support for developing environmental service business cases and in implementing pilot adaptation schemes.
 - (iii) **Mitigation and adaptation strategies for the public and private sectors at the local and national level.** Activities will include supporting

development of gender-responsive local and national policies and programmes for climate change adaptation and mitigation; sharing lessons with a range of stakeholders; coordinating with IFAD-supported investment projects in the three countries to maximize IFAD's investment in upland development; and forging linkages with IFAD country programmes to channel knowledge to IFAD-supported interventions. Activities will be conducted in close collaboration with national policymakers and project/programme designers. Several consultation meetings will be organized at the national level, including inception, annual and end-of-project workshops. Where possible, a national steering committee will be created to provide policy support throughout the programme and after completion.

IV. Expected outputs and benefits

10. Expected outputs and benefits are the following:
 - (i) Local solutions for coping with climate change, reducing vulnerability and mitigating risks are available to smallholders.
 - (ii) Smallholders who perform well in mitigating climate change, benefit from external public and private funding and reduce their vulnerability.
 - (iii) Capacity of stakeholders is increased and robust information is generated by the process of mainstreaming tree-based farming systems for smallholders to adapt to and mitigate climate change.

V. Implementation arrangements

11. The programme will be implemented by ICRAF's Southeast Asia Regional Office in Bogor, Indonesia, in collaboration with the IFAD country programme managers (CPMs) and country programme officers (CPOs) in each country. ICRAF's offices in Indonesia, the Philippines and Viet Nam will provide scientific guidance and logistical support. International partners will include the Asian Institute of Technology and Mars Symbioscience. The programme will be implemented in compliance with IFAD's procedures and guidelines on procurement, financial reporting, audit and fund flow requirements.
12. These procedures will be included in the contribution agreement between IFAD and the World Bank (as CGIAR Fund trustee), which will set forth the terms and conditions for the grant administration by the trustee; and also in the grant implementation agreement between IFAD and ICRAF, which will establish the implementation modalities and detailed fiduciary arrangements.
13. Grant funds will be transferred in instalments to ICRAF, through the trustee, conditional on the signature of both the contribution agreement and the grant implementation agreement. Disbursement will 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 subsequent instalments will be made on the basis of a statement of expenditures from ICRAF and annual audited financial statements of ICRAF. The disbursement instalments will include both the amount to be transferred by the trustee to ICRAF, covering the expenditures approved in the relevant AWPB, as well as the 2 per cent portion to be retained by the trustee. At the end of the programme, ICRAF will provide IFAD with an external audit opinion letter on the final statement of expenditures for the entire grant amount. Any grant balance remaining unutilized at programme completion will be returned by ICRAF directly to IFAD within four months of the end of the programme.
14. Final locations for programme activities will be determined in consultation with IFAD CPMs and CPOs. ICRAF has a close working relationship with several national partners. In Indonesia, these include the Government of Central Sulawesi's working group for Reducing Emissions from Deforestation and Forest Degradation Plus

(REDD+);² and the Coffee and Cocoa Research Institute. In the Philippines, partners include Bukidnon local government; the Department of Environment and Natural Resources (National Integrated Protected Areas System) and the Environment and Natural Resources Office; Lantapan local government; the National Power Corporation; and the National Economic and Development Authority. In Viet Nam, partners include the Department of Agriculture and Rural Development in Ha Tinh province; the Department of Natural Resources Management; the Payments for Environmental Services Steering Committee; the provincial Forest Protection and Development Fund; and the Farmers' Union.

VI. Indicative programme costs and financing

15. The overall cost of the programme is estimated at US\$2,250,000 over three years, of which IFAD will finance US\$1,500,000. The table below presents the summary budget totalling US\$1,500,000. Personnel costs under this budget are related to staff directly and exclusively assigned to the programme. It is proposed that IFAD funding be supplemented by a contribution of US\$750,000 financed by four other sources: matching funds from CGIAR Research Programme no.6 on Forests, Trees and Agroforestry; and bilateral grants funded by the Canadian International Development Agency; United States Agency for International Development; and Australian Centre for International Agricultural Research, which will finance ICRAF senior staff time spent on the programme and the share of administrative and overhead costs not met by IFAD.

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

<i>Number</i>	<i>Type of expenditure</i>	<i>IFAD</i>	<i>Co-financing</i>
1	Personnel	256	634
2	Travel	255	10
3	Supplies and services ^a	182	10
4	Publications	35	10
5	Consultations and workshop	239	-
6	Capacity-building and training ^b	244	-
7	Seed fund ^c	86	-
8	CGIAR Trust Fund cost-sharing 2%	30	-
9	Overheads 13%	173	86
	Total	1 500	750

^a Supplies and services include expenses related to field logistics and accommodation for household surveys, meetings, trainings and other activities.

^b This includes expenses related to capacity-building at district, provincial and national levels for different activities.

^c This includes expenses related to seed fund and facilitation for community to pilot co-investment schemes.

² The original Reducing Emissions from Deforestation and Forest Degradation (REDD) programme was expanded to include the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	To improve the livelihoods and resilience of smallholder farmers through the promotion of climate-smart, tree-based agriculture in Indonesia, Philippines and Vietnam	Smallholder farmers have livelihoods benefits flow from climate-change mitigation and adaptation practices. Innovative approaches, good practices, supported policies and institutions at local, provincial and national levels in six provinces of three countries.	Results from impact assessment study	
Objectives	<ol style="list-style-type: none"> To assess climate-change vulnerability of female and male farmers and to synthesize local ecological knowledge that reduces vulnerability. To enable local communities to devise climate-smart, tree-based, good adaptation practices in collaboration with beneficiaries of the environmental services who will co-invest to ensure benefits. To integrate gender-responsive, culture-sensitive climate-change mitigation and adaptation actions with improved livelihoods for smallholding farmers into mainstream policies and programmes. 	<ul style="list-style-type: none"> Information for developing local action plans that apply ecological knowledge for vulnerability reduction. Three schemes established that include environmental services' co-investment for mitigation that are validated at community levels. Increased awareness of policy makers in developing policies and programmes that include gender-responsive and pro-poor climate-change mitigation and adaptation actions for smallholding farmers. 	<ul style="list-style-type: none"> Programme reports, policy briefs and printed booklets describe innovations and good practices. Peer-reviewed publications and programme reports Government policy briefing notes, peer-reviewed publications and programme reports 	<ul style="list-style-type: none"> The governments, smallholding farmers and investors are willing to expand climate-smart, tree-based agriculture Local communities are not averse to major shifts in their livelihoods' systems. Changes in government policy support climate-change responses in the agricultural sector
Output	<ol style="list-style-type: none"> Local solutions on how to cope with climate-change risks, reduce vulnerability and benefit from mitigation are available for female and male smallholders. Female and male smallholding farmers, who perform well in mitigating climate change, benefit from external public and private funding and from their local actions in adapting to climate change. Capacity of stakeholders increased in mainstreaming smallholders' tree-based farming systems for climate-change mitigation and adaptation. 	<ul style="list-style-type: none"> Local action plans for participating communities organized in units with established roles and responsibilities. Co-investment protocols explicitly reflecting community expectations. Policy and programmes in three countries promoting pro-poor, gender sensitive, tree-based, climate-change mitigation and adaptation. 	<ul style="list-style-type: none"> Simplified and distilled information packages derived from research Agreement on the implementation of environmental services' co-investment schemes Measured level of participation of targeted stakeholders 	<ul style="list-style-type: none"> Local communities actively interact and participate in the process Beneficiaries identified, willing to invest, and providing accurate data Governments and communities willing to collaborate with the programme and share and learn knowledge
Key Activities	<ol style="list-style-type: none"> Analyse farmers' vulnerability: exposure, sensitivity and adaptive capacity to changing climatic patterns in three countries. Assess roles of multifunctional landscapes in providing ecological, social and economic buffers for climatic shocks. <ol style="list-style-type: none"> Pilot co-invested, gender-sensitive, environmental services' schemes. Assess impact at the programme's sites 	<ul style="list-style-type: none"> 300 targeted, surveyed households in three countries. 60 focus group discussions conducted to investigate local knowledge. 24 community training sessions to sensitize environmental services' business perspectives. 3 participatory and site-specific prototypes of business cases developed in each country with 30 focus group discussions prior to the process. 100 households with access to mitigation and adaptation funds. 12 documents for policy advocacy, including 	<ul style="list-style-type: none"> Peer-reviewed, policy briefs and other publications, including gender analysis report Documentation of training programs and list of attendance of each training Number of females and males accessing funds Number of officials from 	<ul style="list-style-type: none"> Communities engaged and agreement to collaborate formed Willingness of institutions to share climatic data No foreseen changes in communities' structure and management There will be a demand for such information and that

	<p>systematically.</p> <p>3.1. Support development of gender-responsive, local and national policies and programmes for adaptation and mitigation.</p> <p>3.2. Contribute to IFAD's global and national strategy on pro-poor, climate-smart, tree-based agriculture.</p>	<p>technical advisory notes (TANs) produced.</p> <ul style="list-style-type: none"> ▪ 18 seminars and/or trainings at district, provincial and national levels and 2 regional Asia-wide workshops initiating and synthesizing the programme's findings and lessons. ▪ A set of recommendations on action plans for the COSOP in the three countries. 	<p>policy-formulating institutions trained</p> <ul style="list-style-type: none"> ▪ Recommendations on action plans provided to COSOP in the programme's countries ▪ Project staff present at IFAD workshops and meetings. 	<p>would depend on the continuity of the government and development institutions' foci and programmes</p> <ul style="list-style-type: none"> ▪ Recommendations prepared and IFAD available for engagement
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