

Document: EB 2014/LOT/G.2
Date: 1 August 2014
Distribution: Public
Original: English

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Investing in rural people

President's report on a proposed grant under the global/regional grants window to the Latin American Centre for Human Economy (CLAEH)

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 as contained in paragraph 9.

President's report on a proposed grant under the global/regional grants window to the Latin American Centre for Human Economy (CLAEH)

I submit the following report and recommendation on a proposed grant for agricultural research and training to the Latin American Centre for Human Economy (CLAEH) in the amount of US\$1.9 million.

Part I – Introduction

1. This report recommends the provision of IFAD support to the research and policy dialogue programme of the Latin American Centre for Human Economy (CLAEH).
2. The document of the grant for approval by the Executive Board is contained in the annex to this report:

Latin American Centre for Human Economy (CLAEH): Deepening and Expansion of the Public Policy-Dialogue Platform on Family Farming, Food and Nutritional Security, and Rural Development in Latin America and the Caribbean
3. The objectives and content of this programme are in line with the evolving 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 in line with the goal and objectives of the revised IFAD grant policy. It aims to support policies and planning processes, at local and national levels, through which the rural population can effectively participate – thus strengthening the organizations and institutions of poor rural people.
7. It is also in line with the IFAD strategy under which grants should be used as tools to promote innovative activities to improve opportunities for IFAD target groups, supported by IFAD investment projects.
8. Within IFAD's strategic intervention in support of family farming, the programme helps diversify IFAD support to middle-income countries in Latin America and the Caribbean to increase public and private investment in favour of family farming.

Part II – Recommendation

9. 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 Deepening and Expansion of the Public Policy-Dialogue Platform on Family Farming, Food and Nutritional Security, and Rural Development in Latin America and the Caribbean, shall provide a grant not exceeding one million nine hundred thousand United States dollars (US\$1,900,000) to the Latin American Centre for Human Economy (CLAEH) 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

Latin American Centre for Human Economy (CLAEH): Deepening and Expansion of the Public Policy-Dialogue Platform on Family Farming, Food and Nutritional Security, and Rural Development in Latin America and the Caribbean

I. Background

1. Since the year 2000, IFAD has supported the creation, implementation and strengthening of the regional FIDAMERCOSUR programme¹ in the expanded Common Market of the South (MERCOSUR) to create a space for dialogue on differentiated public policies for family farming. This led to the creation of a regional coordination unit within the FIDAMERCOSUR programme, based in Montevideo (Uruguay), which the programme now proposed would extend to cover demand from the expanded MERCOSUR and its associate members (i.e. Argentina, the Plurinational State of Bolivia, Brazil, Chile, Paraguay, Uruguay and the Bolivarian Republic of Venezuela) and other interested countries in the region (i.e. Colombia, the Dominican Republic, Ecuador and Peru).
2. The FIDAMERCOSUR programme had three phases: Phase I (2000-2004): Pre-REAF Phase. At this stage the programme encouraged the participation of organizations representing family farmers and beneficiaries of IFAD projects in the region – and their dialogue with government officials – by creating an area of specialized and institutionalized policy dialogue within MERCOSUR countries to identify, agree on and articulate public policies for differentiated family farming.
3. Phase II – (2004-2012): REAF Phase. After the creation of the Commission on Family Farming (REAF) of MERCOSUR, the regional programme was reoriented to support a process for the consolidation and implementation of REAF, acting as the "facilitator" of balanced policy dialogue, symmetrical among the various players (governments and family farming [FF] organizations).
4. Phase III (2012 to date): Post-REAF Phase. In 2012 REAF was fully handed over to MERCOSUR member states' governments, with the creation of the MERCOSUR Fund for Family Farming (FAF), together with its own decentralized technical secretariat under the umbrella of the National Coordinators' Committee. The FAF is entirely funded by MERCOSUR governments.
5. With its current structure, the FAF is now funding the regular operations of REAF. However, it has not made any resources available for activities stemming from the territorial expansion of MERCOSUR (and beyond) or to respond to growing demand for South-South cooperation and knowledge-sharing.

II. Rationale and relevance to IFAD

6. With the creation of the FAF, MERCOSUR governments assured the sustainability of REAF as a mechanism and as a forum for the promotion of policy dialogue in its core operational activities. The technical secretariat is in charge of supporting the national coordinators in strengthening national sections, and in providing financial resources to ensure the participation of community-based organizations (CBOs) in regional and thematic group meetings.
7. The CLAEH/FIDAMERCOSUR programme is working jointly with REAF to address new challenges, including: (a) expansion to new full members of MERCOSUR, as in the case of the Bolivarian Republic of Venezuela; (b) expansion to new associate members of MERCOSUR, such as the Plurinational State of Bolivia, Ecuador and Chile, which have no access to the FAF, and other countries interested in the

¹ Institutional and policy support programme to reduce rural poverty in the MERCOSUR area.

- experience of REAF, such as Colombia, the Dominican Republic and Peru; (c) in-depth discussion of topics on the agenda that require new insights, approaches and analytical tools, as requested by the governments and REAF's CBOs.
8. CLAEH was first involved in 2011, when the current phase² was designed, mainly to address two issues: (a) the need to insert the programme in a suitable regional institution in the interests of continuity; and (b) the potential for tapping the huge reservoir of knowledge and expertise in family-farming policy work developed in MERCOSUR, and disseminating it beyond the subregion and, possibly, beyond Latin America and the Caribbean (LAC).
 9. The proposed programme thus focuses on activities that the FAF is not mandated to undertake, but for which there is a clear demand from member countries in the region and a clear linkage to IFAD's mandate, strategy and development projects.
 10. The programme aims to act in response to these new challenges, in line with the IFAD Strategic Framework 2011-2015, to support policies and planning processes at local and national levels, strengthening the organizations and institutions of poor rural people. It is also in line with the IFAD strategy under which grants should be used as tools to promote innovative activities to improve policy dialogue and develop an enhanced institutional and regulatory environment for small farmers and other non-farm rural sectors.
 11. In the LAC region, with a clear predominance of middle-income countries (MICs), demand for IFAD services is no longer limited to financial services. Within MICs, policy dialogue is a key element in: (a) scaling up experiences and development models matured over time by IFAD-supported projects; (b) enhancing the sustainability of project-supported development initiatives by aligning investment projects with national rural development and poverty reduction policies; (c) considerably increasing levels of cofinancing through national contributions to IFAD-initiated projects; and (d) promoting public/private people's partnerships, usually through development of inclusive value chains in which family farmers can benefit from comparative advantages.
 12. After 12-18 months of programme implementation, LAC will shape a path of development and a medium-term scenario for IFAD engagement in policy dialogue through FIDAMERCOSUR, in terms of the corporate relevance of programme-generated knowledge and financial sustainability and engagement.

III. The proposed programme

13. The purpose of the programme is to contribute to rural poverty reduction through the design of public policies for family farming, food security and nutrition (SAN) and rural territorial development (DRT).
14. **Objectives of the programme:**
 - (i) Deepen and broaden the agenda to develop differentiated policies for family farming – identifying new policy proposals, providing methodological and financial support to CBOs and national sections of the REAF in newly associated countries, and identifying the needs, demand and proposals that can generate these policies.
 - (ii) Contribute to aligning public policies with public (and private) investments for family farming, including IFAD-supported projects – strengthening the institutional environment where clear linkages between public policies for family farming and in-field investment projects can be sustainably developed.

² Public Policy Dialogue on Family Farming and Food Security in the Southern Cone of Latin America (IFAD Grant 1326-CLAEH).

- (iii) Systematize lessons learned from the policy dialogue process and its results – disseminating them among CBOs, government agencies, private and public institutions and practitioners concerned with rural development.
15. The direct beneficiaries of these FF policies and programmes are family farmers, including beneficiaries of IFAD projects, who would access better public policy instruments. A subset of this target group consists of family farmers already registered in the existing national FF registries in Argentina, Brazil, Chile, Paraguay and Uruguay, and/or already benefiting from public investments targeting family farming. In these five countries, they amount to some 5.2 million family farms.³ Government officials working on FF policies, consisting of some 1,000 people attending national sections of regional meetings, will work directly with the programme and its linkages with public institutions and policies during implementation.
 16. The programme plans to work in 10 countries: five full members of MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and the Bolivarian Republic of Venezuela), three associate members (Chile, the Plurinational State of Bolivia and Ecuador), and two additional countries (Colombia and the Dominican Republic). Peru may also join in, based on the interest recently expressed by its government.
 17. The programme will have a duration of three years, and its implementation will be organized in three components.
 18. **Regional dialogue on public policies for family farming.** The objective is to extend the outreach and improve the quality of public policy debate on family farming – meeting the needs arising from the expansion of MERCOSUR and REAF with new member countries, and including family farming and FIDAMERCOSUR on the Regional Integration Agenda in LAC, as in the case of CELAC.⁴
 19. **Programmes and projects as instruments of public policy.** The objective is to contribute to enhancing the implementation results of existing policies and to maximize synergies between these policies and IFAD's programmes and projects in all targeted countries.
 20. **Knowledge management.** The objective is to build on lessons learned under the FIDAMERCOSUR programme, both in its earlier and current stages, and from the experience matured so far by REAF national delegations and by IFAD projects and programmes in the countries concerned. The idea is to systematize and disseminate these experiences through new information and knowledge management tools, beyond the original boundaries of MERCOSUR.

IV. Expected outputs and benefits

21. The main benefit expected from the programme is a contribution to a general increase in the incomes and capital assets of the target group, particularly those family farmers benefiting from IFAD-financed projects. As a direct side effect, malnutrition would decrease in the benefiting families.
22. More specific results include: (a) 30 per cent of public investments in agriculture target family farming in MERCOSUR member countries; (b) 2.5 million family farmers participate in public purchase programmes; (c) 12 public policies adopted and regulatory frameworks completed in MERCOSUR; (d) six policies or development methodologies adopted and/or adapted in other LAC countries (extra-MERCOSUR); (e) nine innovative instruments of differentiated public policy for family farming adopted in adhering countries; (f) three IFAD-financed project development tools identified for scaling up as instruments of public policy; (g) three

³ IFAD, "Differential Policies for Family Farming in MERCOSUR: Contribution of Political Dialogue in the Design of Public Policies and Institutionalization", prepared by A. Ramos, S. Márquez (Rome, 2010), 7, table 2. The extension of the programme's outreach to six more countries would approximately double the size of the current target group.

⁴ CELAC is the Community of Latin American and Caribbean States.

South-South cooperation experiences carried out on the basis of programme-developed methodologies; (h) six studies on the dissemination of policy instruments and tools developed by IFAD-financed operations, to be disseminated through workshops/meetings, publications and the programme website; (i) three conferences organized with qualified opinion leaders to disseminate information on the programme, its tools and its achievements; (j) six audiovisual products produced on particularly relevant experiences resulting from application of the policies; and (k) postgraduate curricula and training developed to prepare junior professionals and rural leaders in differentiated policies for family farming.

V. Implementation arrangements

23. Programme activities will be implemented by a regional coordination unit within CLAEH, an NGO founded in Uruguay in 1957. CLAEH has a long tradition of addressing social and economic issues in the region and recognized experience in implementing research programmes – focusing on knowledge management, training and promotion of local development.
24. Based on the successful implementation modalities of the current programme (IFAD Grant 1326-CLAEH), the United Nations Office for Project Services (UNOPS) will administer the IFAD grant resources. Both IFAD and CLAEH will sign separate agreements with UNOPS, defining operational and financial management arrangements and matters related to accounts, audit, disbursements and procurement.
25. The programme will have a steering committee consisting of: (i) the Regional Coordinator; (ii) the Director General of CLAEH; and (iii) the IFAD country programme manager in charge of the programme as an observer. The committee will meet at least once a year to approve annual workplans and budgets, and will assess results on completion of the implementation period.

VI. Indicative programme costs and financing

26. The programme will be funded through IFAD resources, complemented by in-kind contributions from CLAEH.

Table 1

Programme costs by component and financier

(Thousands of United States dollars)

| <i>Components</i> | <i>IFAD</i> | | <i>CLAEH</i> | | <i>TOTAL</i> | |
|------------------------------------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|
| 1. Regional dialogue on public policies for family farming | 576 | 30% | 320 | 40% | 896 | 33% |
| 2. Programmes and projects as instruments of public policy | 325 | 17% | 240 | 30% | 565 | 21% |
| 3. Knowledge management | 477 | 25% | 180 | 23% | 657 | 24% |
| Management* | 522 | 27% | 60 | 8% | 582 | 22% |
| Total | 1 900 | 100% | 800 | 100% | 2 700 | 100% |

* This includes about 7 per cent management fees charged by UNOPS for administering grant resources.

Table 2
Programme costs by expenditure category and financier
 (Thousands of United States dollars)

| <i>Expenditure category</i> | <i>IFAD</i> | | <i>CLAEH</i> | | <i>TOTAL</i> | |
|-------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|
| 1. Consultancies | 840 | 44% | 260 | 33% | 1 100 | 41% |
| 2. Travel and allowances | 333 | 18% | 300 | 38% | 633 | 23% |
| 3. Salaries and allowances | 297 | 16% | 75 | 9% | 372 | 14% |
| 4. Operating cost | 122 | 6% | 30 | 4% | 152 | 6% |
| 5. Goods and services | 140 | 7% | 135 | 17% | 275 | 10% |
| 6. Equipment | 35 | 2% | 0 | 0% | 35 | 1% |
| 7. Overhead/management fees * | 133 | 7% | 0 | 0% | 133 | 5% |
| Total | 1 900 | 100% | 800 | 100% | 2 700 | 100% |

* This includes about 7 per cent management fees charged by UNOPS for administering grant resources.

Results-based logical framework

| | Objectives-hierarchy | Objectively verifiable indicators | Means of verification | Assumptions |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Goal | Apoyo al combate de las causas estructurales de la pobreza rural, por medio del diseño de políticas públicas para la Agricultura Familiar (AF), la Seguridad Alimentaria y Nutricional (SAN) y el Desarrollo Territorial Rural (DRT). | Aumentan los ingresos de las familias rurales involucradas en el programa país del FIDA en los países participantes. Los AF incrementan su capital y se reduce la malnutrición de las familias alcanzadas por los instrumentos de política pública diferenciada aplicados en los países participantes | Encuestas Nacionales de Hogares u otras encuestas que midan los estándares de vida de las familias. Encuestas RIMS, donde existan proyectos FIDA en ejecución | |
| Objectives | 1. Profundizar y ampliar la agenda en materia de políticas diferenciadas para la AF, identificando propuestas de una "nueva generación" de políticas públicas para la AF, la SAN y el DRT 2. Contribuir a alinear los Proyectos FIDA como herramientas de la política destinadas a promover el aumento de los ingresos, la mejora de la calidad de vida y un modelo de desarrollo rural que incluya e incorpore a dicha población en los mercados. 3. Sistematizar y difundir las lecciones aprendidas del proceso de DP y sus resultados, entre las OSP de la AF de LAC, los funcionarios de los Gobiernos y las instituciones públicas y privadas involucradas en procesos de desarrollo rural. | 30% de las inversiones públicas en agricultura en el MERCOSUR apoyan la agricultura familiar 2,5 millones de agricultores familiares participan en programas de compras públicas (30% de incremento respecto a los niveles de 2012) 12 políticas públicas adoptadas y reglamentos operativos completados en la región del MERCOSUR 6 políticas o Proyectos adoptados y/o adaptados en otros países (extra-MERCOSUR) | Registros oficiales de leyes aprobadas Presupuestos nacionales Resoluciones del GMC aprobadas Registros Nacionales de los Agricultores Familiares Censos Agrícolas Nacionales Informes de supervisión y de evaluación del Programa | No hay cambios significativos en las políticas en los países del MERCOSUR hacia la AF. Marco político-institucional favorable en los países extra-MERCOSUR que participan en el Programa Políticas macroeconómicas estables en todos los países involucrados La experiencia de diálogo político de la región es valorada por autoridades de gobierno extra-bloque donde el FIDA tiene operaciones, y los CPMs apoyan al Programa en el relacionamiento y desarrollo de las actividades de cooperación |
| Outputs | (i) Instituciones públicas fortalecidas operando como plataformas de DP, nacionales y regionales, con voz para los AF y los | Recomendaciones y decisiones de la CELAC referidas a políticas diferenciadas para la AF, la SAN y el DTR, propuestas desde los ámbitos | Informes de avance del Programa | Los países participantes siguen priorizando el apoyo a la AF y relativa asignación de recursos adecuados para el |

| | Objectives-hierarchy | Objectively verifiable indicators | Means of verification | Assumptions |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| | <p>grupos rurales más vulnerables.</p> <p>(ii) Proyectos y programas de inversión en DR alineados a las políticas públicas hacia la AF.</p> <p>(iii) Propuestas de política pública e instrumentos de intervención diseñadas desde el DP y asumidas por países e instituciones regionales</p> <p>(iv) Consolidación en la CELAC de una agenda social y productiva que genere decisiones en torno a la AF, SAN y DTR.</p> <p>(v) Metodología de cooperación Sur-Sur diseñada, sistematizada y probada en mínimo 3 países fuera del Cono Sur de ALC.</p> <p>(vi) Espacios institucionales, instancias o plataformas de DP en la Región, enriquecidas por la participación y el esfuerzo cooperativo de los diferentes actores del desarrollo.</p> | <p>de DP apoyados por el programa en países participantes</p> <p>9 instrumentos novedosos de política diferenciados para la AF aplicados en países apoyados por el programa</p> <p>3 herramientas de proyectos FIDA identificadas con potencial de ser escaladas como instrumentos de política pública</p> <p>3 experiencias de cooperación sur/sur cumplidas de acuerdo a la metodología desarrollada por el programa</p> <p>2 <i>curricula</i> de capacitación (para técnicos y dirigentes rurales) formuladas y ofrecidas por instituciones competentes a los beneficiarios del programa</p> | <p>Informes de supervisión y de evaluación del Programa</p> <p>Contratos de servicios e informes de misión</p> <p>Eventos de aprendizaje y conocimiento (<i>learning events</i>) y auto-evaluación por los participantes (cuestionarios e informes)</p> <p>Audiovisuales sobre experiencias exitosas de intervención</p> <p>Contenidos de la Página web del Programa</p> | <p>desarrollo socio-económico del sector</p> |
| Key Activities | <p>Asistencia Técnica; Documentos de análisis; Respaldo metodológico para el DP en nuevos países de la REAF y en otros países de LAC; Intercambios entre delegaciones de países de LAC; Apoyo a la vinculación entre Proyectos y Políticas Públicas; Página Web y Redes Sociales; Nuevo Imaginario Rural; Publicaciones; Formación de agentes que trabajan en desarrollo rural, AF y cooperativismo.</p> | <p>Estudios, talleres, Seminarios, Misiones de intercambio, documentos analíticos, políticas adoptadas e implementadas.</p> | <p>Registros legislativos, publicaciones gubernamentales</p> <p>Registros, publicaciones e informes de avance de la REAF y en los países asociados</p> <p>Informes de avance anuales del Programa</p> | <p>Persistencia de fondos de contrapartida y de los aportes nacionales</p> |