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Investing in rural people

President's report on a proposed grant under  
the global/regional grants window to  
Fundação Arthur Bernardes for the Adapting  
Knowledge for Sustainable Agriculture and  
Access to Markets Programme

Note to Executive Board representatives

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For: Approval

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## Abbreviations and acronyms

AKSAAM	Adapting Knowledge for Sustainable Agriculture and Access to Markets Programme
FUNARBE	Fundação Arthur Bernardes
CPM	country programme manager
CPO	country programme officer
EMBRAPA	Brazilian Agricultural Research Corporation
MKTPlace	Agricultural Innovation Marketplace

## Recommendation for approval

The Executive Board is invited to approve the recommendation for a proposed grant under the global/regional grants window to Fundação Arthur Bernardes (FUNARBE) for the Adapting Knowledge for Sustainable Agriculture and Access to Markets Programme (AKSAAM) as contained in paragraph 5.

## President's report on a proposed grant under the global/regional grants window to Fundação Arthur Bernardes (FUNARBE) for the Adapting Knowledge for Sustainable Agriculture and Access to Markets Programme (AKSAAM)

### Part I – Introduction

1. This report recommends the provision of an IFAD grant in the amount of US\$2 million under the global/regional grants window to the Fundação Arthur Bernardes (FUNARBE), for the Adapting Knowledge for Sustainable Agriculture and Access to Markets Programme (AKSAAM). The grant proposal document is contained in the annex to this report.
2. The goal of IFAD grants is to significantly broaden and add value to the support provided to smallholder farming and rural transformation, thereby contributing to rural poverty eradication, sustainable agricultural development, and global food security and nutrition. In order to achieve these goals, IFAD grants should adhere to three basic principles: (i) make a significant contribution to a global, regional or national public good related to IFAD's mandate; (ii) focus on interventions where grant financing has clear added value and a comparative advantage over regular loans; and (iii) not be used as a substitute for resources from IFAD's administrative budget.
3. The objectives of IFAD grant financing are to: (i) promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact; (ii) strengthen partners' institutional and policy capacities; (iii) enhance advocacy and policy engagement; and (iv) generate and share knowledge for development impact. Rural poor people and their organizations should be squarely positioned at the centre of each grant submission to fulfill IFAD's mandate to enable poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience.
4. The proposed programme is in line with the goal and objectives of IFAD grant financing, as stated in the IFAD grant policy. The programme is expected to contribute to the second priority area for grant financing in 2015, i.e. stronger linkages between smallholder farmers/rural producers and value chains.

### Part II – Recommendation

5. 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 Adapting Knowledge for Sustainable Agriculture and Access to Markets Programme (AKSAAM), shall provide a grant not exceeding two million United States dollars (US\$2,000,000) to the Fundação Arthur Bernardes (FUNARBE) for a 36-month 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

# Adapting Knowledge for Sustainable Agriculture and Access to Markets Programme (AKSAAM)

## I. Background

1. Small family farmers face a major challenge if they are to overcome poverty: how to increase productivity and access more remunerative markets. As the rural poor have limited access to financial resources, gaining access to innovation and boosting productivity are key steps towards overcoming poverty. While the application of new technologies has become an important engine of pro-poor agricultural development, in Latin America and the Caribbean (LAC) the productivity of small farmers has lagged behind the average across sectors and is well below its potential. Although there are many factors constraining small farmers' productivity – and therefore their incomes – there is evidence that access to innovative technologies can help improve sustainability and overcome poverty.
2. The Brazilian Agricultural Research Organization (EMBRAPA), Brazil's leading agency in agricultural and livestock research, has solid experience in providing technologies to small farmers. The combination of appropriate technologies and public support for agriculture and family farmers is the cornerstone of Brazilian leadership in agriculture, in strengthening family farming and in reducing rural poverty. Building upon these strengths, EMBRAPA leads the Agricultural Innovation MKTPlace, in which competitively selected projects are designed and implemented jointly by EMBRAPA centres and LAC and African institutions to develop, adapt and share agricultural technologies. The MKTPlace has benefited from financial support from IFAD and other international organizations<sup>1</sup> and has funded the implementation of 76 projects in eight countries in LAC and 13 in Africa.
3. The experience of the MKTPlace confirms that technologies developed in Brazil are adaptable to other countries and can benefit small farmers with the potential to increase their production and income. The MKTPlace is a fine example of South–South Cooperation and informed the design of this grant to set up a mechanism whereby IFAD-funded projects and other rural development initiatives could adapt agricultural technologies developed by EMBRAPA to benefit small farmers. IFAD will continue to support the MKTPlace through this grant.

## II. Rationale and relevance to IFAD

4. Access to innovation and technology is vital for poor farmers to increase production, productivity and resilience to climate change, and to enhance access to markets and income generation. EMBRAPA has accumulated knowledge in developing, testing and transferring technology to small family farmers in Brazil, and its technologies have proved to be suitable for other LAC countries. The grant will make it possible to match the demand for technological solutions with available technologies developed by EMBRAPA. To succeed, it will need to take into account that: (i) agricultural technology is sensitive to local conditions and generally must be adapted to them; and (ii) innovation among small farmers is not only a question of making technology available, but requires an appropriate context of technical assistance, training and strengthened organizations. This grant provides an opportunity to gather these elements together under one programme: it will fund the adaptation and transfer of EMBRAPA technologies to local contexts, while the participating rural development projects will provide the appropriate context and support for adapting and using them.
5. Some IFAD-funded projects in Brazil are already taking advantage of EMBRAPA technologies. Examples include for sustainable water management in the State of Bahia, agroecological cotton production in the states of Rio Grande do Norte and

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<sup>1</sup> The World Bank, Inter-American Development Bank (IDB), the United Kingdom's Department for International Development (DFID) and Bill & Melinda Gates Foundation (B&MGF).

Ceará, intercropping in various states, etc. Furthermore, the programme will create synergies with the knowledge management programme in the Semi-arid areas of North-east of Brazil (Semear), an IFAD initiative, and IFAD will continue supporting the MKTPlace and learning from its experience.

### III. The proposed programme

6. The overall goal of the programme is to contribute to reducing rural poverty among small farmers through agricultural innovation, increased productivity and better access to markets and dynamic value chains. The programme's objectives are to: (i) improve small farmers' access to technologies and knowledge; (ii) increase small farmers' productivity; and (iii) enhance conditions for market access and link farmers with dynamic value chains. A complementary objective is to enhance the capacities of IFAD-funded projects and their implementing agencies, to deal with technological bottlenecks faced by project beneficiaries.
7. The target group are small family farmers in LAC countries, including the beneficiaries of rural development projects funded by IFAD and by other institutions; priority will be given to poor family farmers, youth, women and indigenous populations. The programme will target small farmers with the potential to absorb technological innovation, enhance their access to markets and strengthen linkages with value chains.
8. The programme will also benefit agencies implementing rural development projects in LAC countries, whose access to technologies and innovations would enhance their institutional capacities, and could be used to apply new knowledge when working with small farmers beyond the beneficiaries of projects directly involved in this initiative. EMBRAPA will also benefit by deepening its knowledge on promoting technological innovations and market access by family farmers, and its experience in dealing with rural development projects.
9. The programme will be of a 36-month duration and will comprise three components:
  - (a) Component 1: Access and use of adapted technologies to enhance productivity, market access and sustainability through: (i) demand identification: detecting technological bottlenecks faced by small farmers which, if removed, could lead to innovations, higher productivity and better access to markets; (ii) identifying, within EMBRAPA research centres, possible solutions to technological problems faced by smallholders; (iii) matching bottlenecks with solutions by linking technology needs with potential solutions, through adaptation of EMBRAPA's tested technologies to the needs and conditions of smallholders.
  - (b) Component 2: Agricultural Innovation MKTPlace in LAC, through which IFAD will renew its support to the MKTPlace, a successful South-South Cooperation experience. A main pillar of the MKTPlace is the design and implementation of competitively selected projects jointly by EMBRAPA's research centres and LAC institutions to adapt and share agricultural technologies among participants.
  - (c) Component 3: Knowledge management by promoting systematization and knowledge sharing among research institutions, rural development projects, governments and other stakeholders. This will include: (i) seminars to share experiences of technological innovation and market access; (ii) publications reporting experiences and lessons learned from components 1 and 2; and (iii) use of platforms for knowledge sharing, including the websites of EMBRAPA, the MKTPlace, participant projects and agricultural-research organizations.

## IV. Expected outputs

10. The following outputs are expected:
  - (a) Around 3,400 small farmers in nine projects introduce new technologies: 3,000 small farmers and five projects in five different countries under component 1, and 400 small farmers and four projects under component 2.
  - (b) Nine innovative productive solutions are adapted to local conditions and taken up by small farmers: five as part of component 1 and four under component 2.
  - (c) Increase in productivity and value of small farmers' production following the adoption of new technologies.<sup>2</sup>
  - (d) Ten technical reports prepared and published, nine on specific projects and at least one on the overall programme.
  - (e) Three knowledge management workshops and seminars.

## V. Implementation arrangements

11. The implementation is based on close collaboration among FUNARBE as grant recipient, EMBRAPA as technical lead, IFAD-funded projects in various LAC countries, other stakeholders implementing rural development initiatives, and IFAD country programme managers (CPMs) and country programme officers (CPOs).
12. FUNARBE, a highly respected non-profit foundation associated with the prestigious Federal University of Viçosa, will be responsible for grant management, as has been the case with resources provided by IFAD, the World Bank, IDB, DFID and B&MGF to finance the MKTPlace. FUNARBE is regulated by a juridical statute, mandatory for the operations of all "support foundations" (fundações de apoio) in Brazil, which are semi-private institutions associated with the public sector.
13. The recipient will submit unaudited semi-annual statements of expenditures (SOEs) to IFAD and ensure that the entire programme implementation period is covered by audit, through the submission of separate audit opinion letters on SOEs submitted to IFAD from independent auditors. Both SOEs and audit reports will be programme-wide and will consolidate expenditures incurred by the recipient and implementing partners, if any. However, the recipient will remain solely and ultimately accountable to IFAD for grant funds management and financial reporting. In addition, the recipient will have its institutional accounts audited every year by independent auditors in accordance with International Standards on Auditing (ISAs), and will provide IFAD with a copy of its audited financial statements, including the IFAD grant, within six months after the end of each fiscal year.
14. EMBRAPA will lead programme implementation technically and operationally, taking advantage of the technologies developed to benefit family farmers and its experience in South-South Cooperation, including implementation of the MKTPlace. EMBRAPA will contribute researchers, institutional coverage and productive technologies that will constitute the knowledge base for this programme.
15. IFAD-funded projects and other rural development projects and agencies in LAC will play a key role because the programme aims to provide them with technological solutions to the productive bottlenecks faced by their beneficiaries. These projects will provide an appropriate institutional context to enable small family farmers to access innovations in production, taking advantage of technologies previously developed by EMBRAPA and adapted to respond to actual bottlenecks in specific contexts. Thanks to their proximity to these projects, IFAD CPMs and CPOs will contribute to the efforts to identify bottlenecks and innovation needs.
16. This implementation modality will take advantage of FUNARBE's proven managerial capacity, EMBRAPA's leadership in the development and adaptation of agricultural

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<sup>2</sup> Precise indicators for this output will be defined once each specific project is fully designed.

technologies, and the presence of IFAD-funded projects in the field working with the small family farmers who are the beneficiaries of this programme.

17. The programme will also take advantage of the institutional arrangements in place for the MKTPlace implementation, which will facilitate start-up and operation.
18. A steering committee will be established to provide strategic guidance to the programme, monitor implementation and take decisions on the initiatives to be supported. FUNARBE and EMBRAPA will set up this committee and will invite representatives of partner organizations and individuals with knowledge in relevant areas to participate. To maintain strategic dialogue with EMBRAPA, FUNARBE and other committee members, IFAD will participate as an observer and will not take part in any discussions or decisions on management or financial matters.
19. An implementation agreement signed between FUNARBE and EMBRAPA with the previous non-objection of IFAD is currently in force for the implementation of the MKTPlace. This agreement will also apply to this grant, with any necessary amendments.

## VI. Indicative programme costs and financing

20. The programme will be cofinanced by IFAD, with a large regional grant, and by EMBRAPA. The contribution of EMBRAPA will fund participation by its researchers, the use of office space at EMBRAPA premises and provision of related facilities, administrative support services and laboratories. The IFAD grant will finance all other costs, including training, travel by staff and researchers, research and development, workshops, seminars, publications, communications and operating costs.

Table 1  
**Costs by component and financier**  
(Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>Cofinancier EMBRAPA</i>	<i>Total</i>
1. Access and use of technologies to enhance productivity, market access and sustainability	1 003	808	1 811
2. Agricultural Innovation MKTPlace	521	182	703
3. Knowledge management	276	-	276
Programme management	200	-	200
<b>Total</b>	<b>2 000</b>	<b>990</b>	<b>2 990</b>

Table 2  
**Costs by expenditure category and financier**  
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Cofinancier EMBRAPA</i>	<i>Total</i>
1. Salaries and allowances	-	990	990
2. Consultancies	75	-	75
3. Grants	380	-	380
4. Training (field visits, short-term assignments, secondment)	1 233	-	1 233
5. Equipment and materials	25	-	25
6. Operating costs	55	-	55
7. Services (website)	50	-	50
<b>Subtotal</b>	<b>1 818</b>	<b>990</b>	<b>2 808</b>
Overheads/management fees	182	-	182
<b>Total</b>	<b>2 000</b>	<b>990</b>	<b>2 990</b>

## Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	Reduce rural poverty among the IFAD target population in Latin America and the Caribbean	The impact indicators of the participating rural development projects will apply. These indicators include: (i) technological innovations adapted to local conditions and applied by small farmers benefiting from the programme; (ii) increase in agricultural productivity; (ii) increased sales and income.	Baseline and impact studies prepared by the projects; Specific information collected by the PCU at the beginning and at the end of the programme activities Monitoring and evaluation reports.	
<b>Objectives</b>	<p>1. Improve small farmers' access to tested technologies and knowledge</p> <p>2. Increase small farmers' productivity</p> <p>3. Enhance conditions for market access and strengthen the linkages of small farmers with dynamic value chains</p>	<p>3,400 small farmers in nine projects introduce new technologies in their production. Out of them, 3,000 small farmers and five projects in five different countries correspond to component 1, and 400 small farmers and 4 projects to component 2.</p> <p>9 innovative productive solutions adapted to local conditions and taken up by farmers (5 as part of component 1 and 4 in component 2)</p>	<p>Baseline and impact studies prepared by the projects</p> <p>Specific information collected by the coordination unit at the beginning of the activities</p> <p>Monitoring and evaluation reports</p>	<p>Governments, participating projects as well as smallholders keep an interest in technological innovation.</p> <p>Countries will not be affected by adverse climatic conditions beyond the normal patterns.</p>
<b>Outputs</b>	<p>Demands from smallholders are identified through rural development projects under component 1 and through public calls under component 2 (Innovation Marketplace).</p> <p>Technical solutions are provided by EMBRAPA and adapted to local conditions.</p> <p>Reports are published and reach relevant stakeholders.</p> <p>Workshops and seminars are organized and carried out; electronic and printed publications are prepared and disseminated.</p>	<p>% increase in productivity of smallholder production of families with introduction of new technologies. Quantitative indicator will be defined once specific projects are fully identified and designed.</p> <p>% of population with increased value of production. It is expected that between 60 and 70% of direct beneficiaries will increase the value of their production (a more precise indicator will be defined once specific projects are fully designed)</p> <p>10 technical reports prepared and published, nine of them corresponding to specific projects and at least one to the overall programme</p> <p>3 KM workshops and seminars carried out</p>		<p>Clear identification of the problem/ challenge, clear identification of resources needed; adequate effort from all stakeholders and continuous monitoring of activities.</p>