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Investing in rural people

President's report on a proposed grant under the global and regional grants window to the Technical Center for Agricultural and Rural Cooperation for Leveraging the Development of Local Food Crops and Fisheries Value Chains for Improved Nutrition and Sustainable Food Systems in the Pacific Islands

Note to Executive Board representatives

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For: Approval

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Abbreviations and acronyms

CTA	Technical Center for Agricultural and Rural Cooperation
M&E	monitoring and evaluation
PCU	programme coordination unit
PIPSO	Pacific Islands Private Sector Organisation
SIDS	small islands developing states
UNDP	United Nations Development Programme

Recommendation for approval

The Executive Board is invited to approve the recommendation for a proposed grant under the global and regional grants window to the Technical Center for Agricultural and Rural Cooperation for Leveraging the Development of Local Food Crops and Fisheries Value Chains for Improved Nutrition and Sustainable Food Systems in the Pacific Islands as contained in paragraph 5.

President's report on a proposed grant under the global and regional grants window to the Technical Center for Agricultural and Rural Cooperation for Leveraging the Development of Local Food Crops and fisheries Value Chains for Improved Nutrition and Sustainable Food Systems in the Pacific Islands

Part I – Introduction

1. This report recommends the provision of an IFAD grant of US\$2 million under the global and regional grants window to the Technical Center for Agricultural and Rural Cooperation (CTA) for Leveraging the Development of Local Food Crops and Fisheries Value Chains for Improved Nutrition and Sustainable Food Systems in the Pacific Islands. The grant proposal document is contained in the annex to this report. CTA was selected through a rigorous competitive selection process, which took into account its financial management and technical capacity.
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: (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 fulfil 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. In particular, it responds to one of IFAD's five strategic priority areas for global and regional grants for 2015 by supporting stronger linkages between smallholder farmers/rural producers with value chains. The grant is also aligned with IFAD's approach to small island developing states (SIDS), directly addressing each of IFAD's strategic priorities in SIDS including: promoting sustainable small-scale fisheries, aquaculture, mariculture and fish value chains; and enhancing opportunities for employment, access to finance and access to markets.

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, Leveraging the Development of Local Food Crops and Fisheries Value Chains for Improved Nutrition and Sustainable Food Systems in the Pacific Islands, shall provide a grant not exceeding two million United States dollars (US\$2,000,000) to the Technical Center for Agricultural and Rural Cooperation 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

Leveraging the Development of Local Food Crops and Fisheries Value Chains for Improved Nutrition and Sustainable Food Systems in the Pacific Islands

I. Background

1. The Pacific is a unique and diverse region comprising several remote islands, many of which share similar challenges. Their small size, narrowly based economies, large distances to major markets and vulnerability to shocks have often led to economic volatility and constrained socio-economic development.
2. Over 20 percent of the population of the Pacific lives in hardship and is unable to meet basic needs. According to the United Nations Development Programme (UNDP), poverty is increasing. In addition to malnutrition, poor child and maternal health care, contaminated water and growing inequality are also of great concern.
3. The Pacific Islands depend on crop production and fishing to sustain daily diets and livelihoods. However, food security, nutrition, health and incomes are being threatened by a decline in crop production, an increased dependence on imported foods fuelled by changing dietary habits, climate change, overfishing and illegal fishing, volatility in international commodity prices and a failure to enact and enforce policies and regulations.
4. Some of the most vulnerable countries to climate change and natural disasters are found in the Pacific Islands. International markets are volatile, and given the region's high import dependency, Pacific Islanders face the risk of paying high prices for imported food and feed. Damage to the coral and reef ecosystems has put additional pressure on the fish stocks on which Pacific communities rely.

II. Rationale and relevance to IFAD

5. The grant will facilitate the establishment of a conducive policy and regulatory environment for developing local food crops and fisheries, and for the private sector to invest in the development of sustainable, nutrition-smart value chains. It also aims to improve awareness of the potential of local foods, food products and fisheries for rural development and nutrition enhancement, and to support informed policy dialogue for the development of public-private-producer partnerships.
6. The grant will contribute to meeting the second and third objectives of the new IFAD Policy for Grant Financing: strengthen partners' institutional and policy capacities; and enhance advocacy and policy engagement. The grant is also in line with IFAD's Grant Policy by: (i) promoting innovative activities, technologies and approaches; (ii) promoting awareness, advocacy and policy dialogue and change; (iii) strengthening the capacity of partner institutions, including regional, national and farmer institutions; and (iv) generating and sharing knowledge for development impact.

III. The proposed programme

7. The overall goal of the programme is to strengthen the capacity of the Pacific Island governments, farmer and private-sector organizations, and subregional institutions to develop strategies and programmes – as well as mobilize financing – that can increase poor rural people's access to nutritious and healthy food. The programme's objectives are to (i) develop national roadmaps and sub-regional cooperation programmes in support of stakeholder-driven partnerships based on public-private collaboration; and (ii) support national governments and regional institutions in developing a regulatory and policy environment that supports the development of local food crops and fisheries value chains.
8. The direct target group includes governments and public agencies involved in agricultural development and natural resource management, private-sector entities,

NGOs, producers and community-based organizations in the target countries. Women-headed households and women-led agribusinesses will be given special attention, and youth entrepreneurship will be promoted. At least 30 per cent of the participants in programme activities will be women, and 40 per cent will be under the age of 35.

9. Indirect target groups include: 40,000 farmers, fishers and producers, and their organizations interested in investing in crops and fisheries that are nutritionally and culturally sensitive; and rural communities, especially in the outer islands, which will benefit from increased capacity to produce and market traditional local foods.
10. The four-year programme will comprise: (i) mainstreaming nutritionally, culturally and environmentally sensitive value chains; (ii) national and subregional policy dialogue, and partnership development; and (iii) monitoring and evaluation.
11. Component 1: Mainstreaming nutritionally, culturally and environmentally sensitive value chains will include the: (i) identification of local food crops and fisheries value chains that are nutritionally and culturally relevant, and that contribute to biodiversity and landscape resilience; (ii) identification of policy, regulatory and institutional constraints to value chain development for the selected local food crops and fisheries; and (iii) design of private- and public-sector strategies and interventions for the development of food crops and fisheries value chains, and their mainstreaming into national development frameworks and sectoral development plans.
12. Component 2: National and subregional policy dialogue, and partnership development comprises: (i) action plans for the selected value chains to be developed through sub-regional and national forums, roundtables workshops, and consultations; (ii) provision of technical assistance for local business plan development; (iii) drafting of supporting regulations and policies; and (iv) support for the development of participatory integrated business development plans and landscape and fisheries management plans (including results frameworks, financing and monitoring arrangements).
13. Component 3: Monitoring and evaluation

IV. Expected outcomes

14. The programme is expected to have the following outcomes: (i) roadmaps and regional cooperation programmes for the development of local food crops and fisheries value chains are implemented through multistakeholder partnerships; and (ii) national and regional policy and regulatory reforms are initiated to support the development of local food and fisheries value chains.

V. Implementation arrangements

15. CTA will establish a programme coordination unit (PCU), which will manage: programme implementation, administration and reporting; contractual arrangements with executing agencies; and technical support including knowledge management. CTA will ensure a strong information and communication focus in all programme activities, including through innovative approaches using information and communication technology. CTA will develop and maintain a web community devoted to agriculture, income and nutrition in the Pacific, providing a public forum to make relevant information widely available and launch discussions on critical issues. This website will act as a repository for data on outputs and outcomes. CTA will also be responsible for ensuring the final quality of all publications generated through the programme.
16. The network of national private-sector organizations comprising the Pacific Islands Private Sector Organisation (PIPSO) will act as country focal points for the private sector, and will lead country-level consultations on value-chain collaboration platforms. PIPSO will play an important role in scientific research and interventions

- (e.g. innovation credits), work on regional-level value chains and participate in data collection and analysis for monitoring and evaluation (M&E).
17. CTA will also leverage its partnerships with Pacific Islands universities to build capacity and integrate lessons learned into their curricula and outreach programmes.
 18. The PCU, established by CTA, will comprise a team leader/programme coordinator assisted by domain experts, who will ensure the effectiveness, efficiency and quality of all activities. The PCU will also be staffed by an operations manager/M&E officer and a research assistant in Wageningen, the Netherlands; and a communications/reporting officer, a programme finance/operations support officer and an administrative assistant in Suva, Fiji.
 19. M&E will be based upon a monitoring, evaluation and learning framework to be set up within the first six months of implementation. Indicators for assessing the programme's progress and impact will include: (i) value chain action plans approved by stakeholders or prospective partners; (ii) revised or completed national sector plans with inputs from grant-funded activities; (iii) an approved programme to support traditional local food value chains to be implemented by a regional technical agency; and (iv) pledges for investments to support the approved action plans and national sector plans. perspective
 20. Programme reporting to IFAD will be carried out on a yearly basis. Reports will include annual work plans and budgets, statements of expenditure covering the preceding period and details on progress based on the programme's logical framework. Annual progress reports will: (i) provide information on activities undertaken compared to those in the annual workplan and budget, and outputs delivered versus targets; (ii) highlight major accomplishments and shortcomings, including knowledge, learning and linkages to other initiatives; (iii) describe problems encountered, remedial steps taken and follow-up needed, indicating responsible staff; and (iv) provide information on the programme's impact on the target group in relation to grant objectives and goals.
 21. Within six months of programme completion, the executing agency will submit a final grant completion report on programme implementation, costs, activities undertaken, results and impact, and the benefits derived from it.
 22. The grant will be supervised yearly during the four-year implementation period. Supervision and implementation support will be carried out by the grant task manager in coordination with the country programme manager for the Pacific Islands, the IFAD subregional coordinator and the IFAD country team based in Jakarta. For the sake of efficiency, supervision and implementation support missions will be organized in conjunction with other IFAD missions in the target countries.
 23. The knowledge management plan will make optimum use of CTA's existing experience in this area. CTA has conducted capacity building in knowledge management and established virtual learning and knowledge exchange platforms with partner organizations in the Pacific including the Secretariat of the Pacific Community, Melanesian Spearhead Group, the Pacific Islands Farmers Organisation Network and PIPSO.
 24. CTA shall: maintain separate records and financial accounts prepared in accordance with internationally recognized accounting standards for the grant; submit six-month unaudited statements of expenditure to IFAD; and ensure that the entire programme implementation period is covered by audit. Separate audit opinion letters on statements of expenditure will be submitted to IFAD, duly completed by independent auditors. Both statements of expenditure and audit reports shall consolidate expenditures incurred by CTA and implementing partners. However, CTA shall remain solely and ultimately responsible to IFAD for the management of grant funds and financial reporting. In addition, CTA shall have its institutional accounts

audited every year by independent auditors in accordance with international audit standards, and deliver to IFAD a copy of its audited financial statements, with reference to the IFAD grant, within six months after the end of each fiscal year.

VI. Indicative programme costs and financing

25. The total IFAD grant will be US\$2.00 million; CTA will provide US\$2.12 million in cofinancing.

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

<i>Components</i>	<i>IFAD</i>	<i>Cofinancier</i>	<i>Total</i>
1. Mainstreaming nutritionally, culturally and environmentally sensitive value chains	910 000	910 000	1 820 000
2. National and subregional policy dialogue, and partnership development	477 500	477 500	955 000
3. Monitoring and evaluation	60 000	60 000	120 000
4. Other costs	424 500	534 000	958 500
5. Administrative charges	128 000	138 500	266 500
Total	2 000 000	2 120 000	4 120 000

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

<i>Expenditure category</i>	<i>IFAD</i>	<i>Cofinancier</i>	<i>Total</i>
1. Salaries and allowances	300 000	384 000	684 000
2. Travel and allowances	550 000	468 500	1 018 500
3. Goods, services and inputs	-	150 000	150 000
4. Workshops	108 000	106 500	214 500
5. Equipment and material	105 000	105 000	210 000
6. Operating costs	40 000	-	40 000
7. Consultancies	769 000	767 500	1 536 500
8. Overhead/management fees	128 000	138 500	266 500
Total	2 000 000	2 120 000	4 120 000

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal (impact)	To contribute in strengthening the capacity of Pacific Island governments, farmer and private sector organizations, and sub-regional institutions to develop strategies and programmes, as well as mobilise financing, that can effectively enable poor rural people to increase their access to nutritious and healthy food	<p>Increased production, consumption and trade of nutritious, culturally and environmentally sensitive foods (crops and fish).</p> <p>Local communities and public and private sector representatives setting the agenda for enterprise development and innovation in agriculture and agro-enterprise development for income generation and health and wellness.</p> <p>Pacific policymakers and agro-entrepreneurs reached by the project adopt innovative policy and institutional changes for agro-enterprise development.</p> <p>40,000 farmers and small-scale producers benefit from the project, among which 30% are women.</p>	<p>Focus group discussions</p> <p>Surveys</p> <p>Stakeholders workshop</p> <p>Documentation review</p>	
Objectives (outcomes)	1. Roadmaps and regional cooperation programmes for the development and upgrading of local food crop value chains and fisheries are implemented through multi-stakeholder partnerships	<p>A regional roadmap for the development and upgrading of the fisheries value chains developed through multi-stakeholder partnerships</p> <p>A regional roadmap for the development of roots and tubers value chains</p> <p>7 national plans for value chain development and upgrading and integrating nutrition concerted through public-private-producer-partnerships</p> <p>Both public and private sector stakeholders take steps (make investments/adopt policy changes) to implement the regional roadmaps and at least three of the national plans.</p>	<p>Project reports and documentation reviews</p> <p>Supervision missions</p> <p>Stakeholder workshops</p>	<p>Key decision making bodies and stakeholders at the regional and national levels are willing and convinced to incorporate proposed changes and to mobilise their resources and capacities to support scaling up, and mainstreaming of policy proposals to inform development programmes in the regional and also at the national level.</p> <p>There are no major natural disasters or political events that shift regional or national priorities and attention to the sector.</p>
	2. National and regional policy and regulatory reforms are undertaken to support the development and upgrade of local food and fisheries value chains.	<p>Policies and regulatory frameworks analysed and synthesis reports published and being used.</p> <p>Policy briefs informing decision makers and policy bodies being used/referenced</p> <p>In at least three of the countries, policy recommendations coming from the project are implemented.</p>	<p>Documentation reviews</p> <p>Interviews with key stakeholders</p> <p>Review of policy studies</p> <p>Stakeholder workshop</p>	

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Outputs	<ol style="list-style-type: none"> 1. Bottlenecks and opportunities for the development of fisheries and root crops value chains and identified. 2. Proposals for piloting good practice for selected nutritious, cultural and environmentally – sensitive VCs documented 3. Action plans developed for improving the production and sale of nutritious, cultural and environmentally – sensitive Pacific local foods developed. 4. Pacific communities' leaders engaged in profitable agro-based enterprises. 5. Capacities in agribusiness and VC finance developed 6. PPPP policy proposals and agendas drafted. 7. Agreements reached among regional stakeholders established to guide the development of roadmaps and national plans 8. Regional standards and regulations for agro-enterprises drafted. 9. State of the art / knowledge for the development local food crops and fisheries value chains 	<p>At least six national research studies through literature reviews and consultations with experts</p> <p>At least six seed funding proposals for piloting agriculture/nutrition/income and sustainability issues</p> <p>At least six actions plans & innovation credit scheme being used for upgrading business enterprises</p> <p>At least six communities from the Pacific participating in agribusiness enterprises and producing more local nutritious foods, including women and young entrepreneurs</p> <p>At least two training modules on agribusiness and VC finance</p> <p>At least 360 stakeholders trained in 18 national training seminars / workshops, including women entrepreneurs and young leaders</p> <p>At least seven community based/national nutrition education campaigns on nutritious local foods.</p> <p>At least four policy proposals and agendas developed through action-oriented workshops with community leaders and value chain stakeholders</p> <p>At least three sets of guidelines, principles and priorities for policy and programmatic development in priority value chains</p> <p>Proposals on key standards and mechanisms available for the operation of small-scale agro-enterprises</p> <p>At least 18 major publications including policy briefs, research papers and reports on lessons learned</p>	<p>Research reports</p> <p>Project reviews and documentation</p> <p>Project reports</p> <p>Project reviews with experts</p> <p>Project reports</p> <p>Project reviews with experts</p> <p>Project reports</p> <p>Supervision missions</p> <p>Interviews with community leaders</p> <p>Workshop and seminars reports</p> <p>Project reports</p> <p>Review of training modules</p> <p>Workshop report and participants records</p> <p>Project reports</p> <p>Documentation reviews</p> <p>Interviews with key stakeholders</p> <p>Project reports</p> <p>Documentation reviews</p> <p>Interviews with key stakeholders</p> <p>Project reports</p> <p>Documentation reviews</p> <p>Interviews with key stakeholders</p> <p>Project publications</p> <p>Peer review</p> <p>Stakeholders workshops</p>	<p>The knowledge generated is effectively disseminated, reviewed, validated and reasonably appropriated by keys stakeholders. This involves establishing good synergy with existing programmes, capitalising on experience and drawing lessons. It also involves taken a proactive role in informing key policy and decision making bodies at the regional and national levels.</p> <p>Effective partnerships and implemented particularly with private sector entities, consumers and academics to support the promotion and engagement of project objectives.</p> <p>Regional resources and capacities are effectively mobilised in support of the project objectives.</p>