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Investing in rural people

## President's report on a proposed grant under the global/regional grants window to Farm Radio International for the New Alliance ICT Extension Challenge Fund

### Note to Executive Board representatives

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For: Approval

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## Abbreviations and acronyms

CABI	CAB (formerly Commonwealth Agricultural Bureau) International Farm Radio International
ICT	information and communication technology
FRI	Farm Radio International
MIVARF	Marketing Infrastructure, Value Addition and Rural Finance Support Programme
SMS	short message service
USAID	United States Agency for International Development

## Recommendation for approval

The Executive Board is invited to approve the recommendation for a proposed grant under the global/regional grants window to Farm Radio International for the New Alliance ICT Extension Challenge Fund as contained in paragraph 5.

## President's report on a proposed grant under the global/regional grants window to Farm Radio International for the New Alliance ICT Extension Challenge Fund

### Part I – Introduction

1. This report recommends the provision of an IFAD grant in the amount of US\$1.5 million under the global/regional grants window to Farm Radio International for the New Alliance ICT Extension Challenge Fund. 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 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. By maximizing the reach, use and effectiveness of key agricultural information, this proposal directly reflects the strategic direction of IFAD grants by adding value to an existing loan programme in the United Republic of Tanzania and focusing on innovation, knowledge management and dissemination of information.

### 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 New Alliance ICT Extension Challenge Fund, shall provide a grant not exceeding one million five hundred thousand United States dollars (US\$1,500,000) to Farm Radio International 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

## New Alliance ICT Extension Challenge Fund

### I. Background

1. The New Alliance for Food Security and Nutrition was formed following the food price crisis in 2007/2008, which drew global attention to some of the stresses and strains affecting the global agricultural system. Today, more than 800 million people worldwide lack access to affordable and sufficiently nutritious food. An estimated additional 2 billion people need food assistance, exacerbating the current impacts of rising prices on food insecurity and increasing competition for scarce natural resources.
2. Launched in May 2012, the New Alliance for Food Security and Nutrition (New Alliance) is an initiative by African governments, the private sector and G8 members to focus, accelerate and coordinate joint efforts in reducing poverty and hunger in Africa over the next 10 years. As part of their New Alliance commitments, G8 and African leaders pledged to support policy changes and enabling actions aimed at meeting these goals, and international and local businesses have signed letters of intent to invest in agriculture in the initial New Alliance countries: Ethiopia, Ghana, Mozambique and the United Republic of Tanzania – Malawi and Senegal were included later. The New Alliance builds on the Comprehensive Africa Agriculture Development Programme (CAADP) and Country Investment Plans (CIPs) and will help accelerate implementation of CIP priorities.
3. The United Republic of Tanzania has had a fast-growing economy in the past decade, with average GDP growth of 6.9 per cent in the 2004-2012 period, compared with 5.2 per cent for sub-Saharan countries and 6.9 per cent for countries in the East African community. However, agricultural GDP growth has lagged behind, averaging only 4.2 per cent in the same period. The inflation rate has been in double digits for several years. The country ranks 159<sup>th</sup> out of the 187 countries on the human development index, as reported in the United Nations Human Development Report 2013. This classifies it in the category of countries with low human development. Young people currently account for 30 per cent of the workforce, mainly in agriculture. Poverty is more prevalent in rural areas, with about 33.3 per cent of the rural population estimated to be living below the poverty line in 2011/2012, down from 37.6 per cent in 2007.
4. Information and communication technologies (ICTs) are increasingly important in achieving development goals and promoting citizens' participation. The United Republic of Tanzania is one of several countries in the Southern African region that have sought to include ICTs in their national development plans. In 2013, 85 per cent of the population owned a radio, and 60 per cent had a cellular phone subscription, giving these two means of communication considerable outreach.

### II. Rationale and relevance to IFAD

5. This grant proposal contributes to the overall New Alliance for Food Security and Nutrition under its Information and Communications Technology (ICT) Extension Challenge Fund financed by the United States Agency for International Development (USAID), the United Kingdom's Department for International Development (DFID), and the Bill & Melinda Gates Foundation. Launched at the G8 Summit, the New Alliance is a partnership that contributes to the African Union's CAADP. It aims to address constraints that prevent smallholder farmers, especially women, from increasing their output. The New Alliance ICT Extension Challenge Fund focuses on contributing to this goal by supporting financially sustainable ICT enabled extension services to help reach more farmers, enabling them to adopt new techniques and technologies that can increase their productivity.
6. This proposal is considered a large/regional grant because of its contribution to the multi-donor, six-country programme of the New Alliance Programme for Food

Security and Nutrition. The programme – referred to as the ICT Extension Challenge Fund – is to be financed through pooled funding by DFID, USAID and the Bill & Melinda Gates Foundation in five countries. IFAD proposes financing directly the sixth country, the United Republic of Tanzania. The proposal is therefore considered regional despite its strategic focus on only one country. The regional dimension of the proposal is enhanced by DFID's planned recruitment of a service provider who will facilitate the aggregation of results across all six countries and support regional learning, knowledge-sharing and management among the countries. The results framework for the grant will be developed by the service provider, with outcomes and core indicators that are consistent across all six countries, along with specific indicators for individual countries.

7. Limited access to information is a major barrier for smallholder farmers because of the generally weak quality of extension services and outreach. ICT provides an opportunity to mitigate these challenges and is a cost-effective way of complementing existing support mechanisms. In the United Republic of Tanzania, the project will contribute to the countrywide ICT policy, which envisions transforming the country into a "hub of ICT infrastructure and ICT solutions that enhance sustainable socio-economic development and accelerated poverty reduction both nationally and globally".
8. The overall New Alliance ICT Extension Challenge Fund is aligned with IFAD's current priorities in the United Republic of Tanzania. In particular, it delivers on country strategic opportunities programme (COSOP) objectives 1 (improved access to productivity-enhancing technologies and services) by linking appropriate ICT services to deliver consistent, validated and localized information on innovative technologies; and 4 (increased access to markets and opportunities for rural enterprise) by strengthening links along the supply chain and providing simple, localized marketing information.
9. The project is a strategic fit with the divisional strategic workplan and the grants policy by focusing on innovation, knowledge management and dissemination of information. The project is also aligned with the divisional focus on using grants as a mechanism for piloting innovations that can be scaled up further through the loan programme.
10. The project will work closely with the IFAD-financed Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF). In particular, it will support MIVARF's aims of improving farmers' access to markets, enhancing the food security and improving the socio-economic welfare of small- and medium- scale producers. The project will also seek to build linkages with other IFAD-financed programmes in other countries where the New Alliance ICT Extension Challenge Fund is operational.

### III. The proposed programme

11. The overall goal of the New Alliance ICT Extension Challenge Fund is to help increase the adoption rates of the selected agricultural technologies and hence contribute to the achievement of the yield goals by complementing and extending the reach and impact of agricultural extension services by using ICT enabled approaches to facilitate the delivery and exchange of information with smallholder farmers, farmers' organizations and agribusinesses. The specific goal for the United Republic of Tanzania is to contribute to increased agricultural production and productivity by scaling up the use of productivity-enhancing agricultural innovations and marketing mechanisms by smallholder farmers (both men and women) in the country, using a combination of ICT-enabled agricultural extension approaches (participatory radio, mobile services), that are integrated and engage with traditional extension services and linked to IFAD's existing programmes, particularly MIVARF.

12. The primary target group is composed of 1 million men and women smallholder farmers in five regions across the United Republic of Tanzania who will be provided with information to enable them to make informed decisions and begin using improved agricultural technologies and practices. The secondary target group will be extension workers, with whom the project will work at all stages, providing training, support, information, opportunities for learning and engagement in a referral system. Radio stations will also benefit and be empowered to continue producing and sustaining excellent farmer-driven agricultural radio services for their communities, through various capacity-building activities and business training and support.
13. The programme will be of a three-year duration and will comprise two main components: (i) interactive radio programmes; and (ii) short message service (SMS) and call-in mobile services.

#### IV. Expected outputs

14. The expected outputs and benefits are as follows:
  - Information on the targeted technologies has been accessed by an estimated 1 million farmers (of whom at least 40 per cent are women) through either radio or SMS services.
  - At least 150,000 farmers (of whom 40 per cent are women) in regions covered by radio broadcasts and mobile services report increased and consistent use of one or more of the targeted technologies.
  - Four radio stations are regularly producing quality participatory farm radio programming.
  - Extension services are enhanced through integration with mobile and radio-based approaches, and are used regularly.
  - A sustainable business model is developed and opportunities are created for continued, integrated, ICT-enhanced extension services.

#### V. Implementation arrangements

15. The grant recipient, Farm Radio International (FRI) was competitively selected through a request for applications managed by USAID. The proposal from FRI received the highest scores in that procurement process and FRI was recommended to IFAD as the Tanzanian grantee.
16. FRI will manage the overall coordination of the project from its regional and national office in Arusha, in the northern region of the United Republic of Tanzania, with support from its headquarters in Canada. FRI will be responsible for implementation of the project, including financial management and procurement. CAB International (CABI) will implement part of the project activities, and a partnership agreement will be established between FRI and CABI in the form of a memorandum of understanding (MOU).
17. A project management team will be established, headed by FRI as the project coordinator. FRI will field a team of experts in radio, ICT and project management. Two in-country project staff will lead implementation, supported by a regional project manager and FRI's Radio and ICT Innovation Team, all based in Arusha.
18. The overall financial management, fund flow accountability and disbursement are the responsibility of FRI headquarters in Canada. A dedicated bank account for managing fund flows and disbursement will be opened. Headquarters will transfer the approved funds according to the annually planned regional project budgets to the existing bank account of the FRI Tanzanian office. FRI will ensure that the entire implementation period is audited according to International Standards on Auditing, providing a copy of its audited financial statements within six months of the end of each fiscal year, and submitting an audit opinion letter on statements of

expenditure to IFAD. The terms of reference for the audit will be cleared by IFAD's Controller's and Financial Services Division (CFS). Financial reports will be disaggregated by project and will consolidate expenditures incurred by sub-grantees. The external audit requirement will also be extended to CABI as an implementing organization for this grant. The MOU guiding the partnership between FRI and CABI will be subject to IFAD review.

19. A New Alliance ICT Extension Challenge Fund steering committee will ensure coordination and knowledge-sharing between the six countries and the implementing partners. IFAD will participate in the committee as an observer.
20. Day-to-day supervision of the regional grant will be the responsibility of the IFAD country office in the United Republic of Tanzania, which provides a cost-effective opportunity to supervise grant-financed activities. In particular, IFAD supervision will be important in ensuring effective use of lessons learned in similar projects on the provision of ICTs for extension in the United Republic of Tanzania and other countries.

## VI. Indicative programme costs and financing

21. The budget for the overall New Alliance ICT Extension Challenge Fund amounts to US\$12.0 million, with an IFAD contribution of US\$1.5 million financing the Tanzanian grantee directly. The grant budget for the United Republic of Tanzania amounts to US\$1.5 million from IFAD and US\$561,564 as cofinancing from FRI and CABI.

Table 1

**Summary of budget for New Alliance ICT Extension Challenge Fund  
(Ethiopia, Ghana, Malawi, Mozambique, Senegal and the United Republic of Tanzania)**  
(United States dollars)

<i>Financier</i>	<i>Amount</i>
IFAD (United Republic of Tanzania only)	1 500 000
USAID	3 000 000
Bill & Melinda Gates Foundation	3 000 000
DFID	4 500 000
<b>Total</b>	<b>12 000 000</b>

Table 2

**Costs by component and financier**  
(United States dollars)

<i>Component</i>	<i>IFAD</i>	<i>Cofinancier</i>	<i>Total</i>
1. Interactive radio programmes	855 896	150 000	1 005 896
2. SMS and call-in mobile services	644 104	411 564	1 055 668
<b>Total</b>	<b>1 500 000</b>	<b>561 564</b>	<b>2 061 564</b>

Table 3

**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	422 258	276 564	698 822
2. Travel	137 648	120 000	257 648
3. Implementation	799 814	75 000	874 814
4. Overheads	140 280	90 000	230 280
<b>Total</b>	<b>1 500 000</b>	<b>561 564</b>	<b>2 061 564</b>

## Results-based logical framework

Indicator	Indicator Definition, Notes	Unit of measurement	Data Collection Method	Data Source	Period / Frequency	Person Responsible
PROGRAM GOAL: Improve food security and reduce poverty among smallholder farmers in targeted areas defined by SSTP in six New Alliance countries: Ethiopia, Ghana, Malawi, Mozambique, Senegal, Tanzania						
Impact indicators Per cent of households living below the poverty line (\$1.25/day)	Proportion of households in target areas who live on less than \$1.25/day expressed as a percentage of all HHs in target area as reported by recognized multilateral organizations	Percentage	Review of relevant reports	SSTP	Determined by SSTP	Fund M&L Contractor will coordinate from SSTP
OBJECTIVE 1: Increase use of quality seeds and improved technologies by smallholder farmers						
1.1 Number of farmers with access to (the provided) ICT enabled services.	Number of targeted farmers with access to the AG ICT enabled services disaggregated by sex.	Number of farmers	TBD by M&L Contractor working with Country Grantees	TBD by M&L Contractor working with Country Grantees	TBD by M&L Contractor working with Country Grantees	Fund M&L Contractor working and Country Grantees will define "services" and how each is measured (e.g., radio vs. SMS vs. television viewership)
1.2 Number of farmers and others who have applied improved technologies or management practices as a result of (donor/US government) assistance.	Feed the Future Indicator 4.5.2(5) p. 43.	Number of farmers	As above	As above	As above	This will be applied to those farmers using ICT enabled services (1.2 above). "USG" is part of the indicator, but it will be defined as "donor assistance" in the case of the New Alliance ICT Extension Challenge Fund.
1.3 Number of hectares of land under improved technologies or management practices	FTF Indicator 4.5.2(2) page 41.	Number of hectares	As above	As above	As above	This will be applied to those farmers using ICT enabled services (1.2 above)
1.4 Number of individuals who have received USG (i.e., donor) supported short-term agricultural sector productivity training or food security training.	FTF Indicator 4.5.2(7). P. 46.	Number of individuals	As above	As above	As above	"USG" is part of the indicator, but it will be defined as "donor assistance" in the case of the New Alliance ICT Extension Challenge Fund.
OBJECTIVE 2: Increase financially sustainable ICT enabled services to complement other extension services.						
Indicator 2.1 % of costs of ICT enabled services covered by non-donor sources.	Percentage of total costs of the team – or legal entity/ies providing services – across ICT enabled services – covered by non-donor resources.	Per cent of total service costs	Review of project financial records	Country Grantee records	Annually	Country Grantee