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Investing in rural people

President's report on a proposed grant under the global/regional grants window to the National Institute of Agronomic Research of Algeria for the Programme for Inclusive Value Chain Development through South-South Cooperation in the Near East and North Africa Region

Note to Executive Board representatives

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Recommendation for approval

The Executive Board is invited to approve the recommendation for a proposed grant under the global/regional grants window to the National Institute of Agronomic Research of Algeria for the Programme for Inclusive Value Chain Development through South-South Cooperation in the Near East and North Africa Region as contained in paragraph 5.

President's report on a proposed grant under the global/regional grants window to the National Institute of Agronomic Research of Algeria for the Programme for Inclusive Value Chain Development through South-South Cooperation in the Near East and North Africa Region

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 the National Institute for Agronomic Research of Algeria for the Programme for Inclusive Value Chain Development through South-South Cooperation in the Near East and North Africa Region. 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.

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 Programme for Inclusive Value Chain Development through South-South Cooperation in the Near East and North Africa Region, shall provide a grant not exceeding one million five hundred thousand United States dollars (US\$1,500,000) to the National Institute of Agronomic Research of Algeria for a four-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

Programme for Inclusive Value Chain Development through South-South Cooperation in the Near East and North Africa Region

I. Background

1. The Near East and North Africa (NENA) region includes upper-middle income countries such as Algeria and lower-middle income countries such as Djibouti, Sudan and the Palestinian territories of Gaza and the West Bank. Recent transitions and unrest demonstrate that NENA countries urgently need sustainable approaches to economic growth that reduce vulnerability, create employment opportunities and promote inclusive and sustainable rural transformation. Fostering the participation of farmers in profitable agricultural value chains is a prerequisite to that end.
2. The proposed grant-funded initiative is based on the premise that the exchange of experiences among NENA countries at different stages of development will speed up value chain development and create adequate and bespoke linkages with IFAD investments portfolios in the region. Difficult access to markets in the NENA region and constraints on value chain development are the most acute development challenge currently facing IFAD's target group. This challenge cannot be overcome simply by working at the country level. A regional approach embracing South-South cooperation modalities and aimed at finding synergies between individual country experiences is warranted.
3. Harnessing the opportunities offered by South-South cooperation is an integral part of IFAD's business model. The present programme will complement ongoing initiatives supported by IFAD in the region aimed at optimizing use of technical and financial resources at the regional level, based on the varying stages of development of countries in the region.
4. The programme will be initially implemented in Algeria, Djibouti, Sudan, Gaza and the West Bank. IFAD maintains active country programmes in the last three. Algeria, an upper-middle-income country, decided to graduate from IFAD borrowing in 2006. Nevertheless Algeria is keenly interested in participating in regional initiatives pertaining to South-South cooperation. In particular, Algeria is interested in sharing its successful experiences related to inclusive agricultural value chains while benefiting from IFAD's expertise with a view to strengthening its national agricultural research and development institutions and enabling them to play a more active regional role.

II. Rationale and relevance to IFAD

5. This grant will contribute to IFAD's global mandate, and in particular to the drive to foster inclusive and sustainable rural transformation through enhanced participation in agricultural value chains. In addition the proposed grant is in line with the overall strategic framework of the 2015 grant programme. It is directly linked to the IFAD priority area of fostering stronger linkages between smallholder farmers and rural producers within value chains.
6. The income-level disparities among the proposed participating countries (including between upper- and middle-income countries) as well as the variety of IFAD engagement modalities (for non-borrowing countries such as Algeria and borrowing ones such as Djibouti) will allow a wide variety of experiences related to value chain development to be captured and hence maximize opportunities for South-South cooperation and learning.
7. Furthermore, the stream of knowledge to be generated by this initiative will enhance the understanding and documentation of the rural-urban nexus as it relates to inclusive agricultural value chains in the region. This learning will be fed into larger IFAD operations to enable smallholders to better capture gains from the

transformative changes under way in the region, where urban demand is increasingly driving commercialization and standardization of agricultural value chains.

III. The proposed programme

8. The overall goal of the programme is to sustainably improve production and profitability for rural households, including smallholder farmers, women, unemployed youth and the operators of small and medium-sized enterprises. The programme's objectives are to: (i) develop selected value chains; (ii) valorize local know-how in processing agricultural products and improve market access conditions; and (iii) create a centre of excellence to promote exchanges related to inclusive agricultural value chains in the framework of South-South cooperation.
9. The target group is made up of a variety of stakeholders: smallholder farmers, artisanal fishers, women and unemployed youth, national research-for-development institutions. The programme is expected to reach nearly 3,000 beneficiaries directly through training and capacity-building in the participating countries. In addition, up to 60 value chain facilitators belonging to the implementing institutions will be trained to sustain the results accruing from the programme.
10. The programme will be of a four-year duration and will comprise three components: (i) capacity-building of participating institutions and target group members; (ii) piloting inclusive value chain models in selected value chains in the participating countries; and (iii) knowledge management in the framework of South-South cooperation.

IV. Expected outputs

11. The programme is expected to have the following outputs:
 - (i) Relevant lessons drawn from value chain experiences are documented and valorized. In Sudan, activities will focus on livestock value chains; in Djibouti, the focus will be on the fisheries sector; and in Gaza and the West Bank, the olive oil value chain has been singled out for support. The choice of these value chains is mainly motivated by the desire to capitalize on current IFAD interventions in those countries and therefore maximize the linkage between grant- and loan-funded operations.
 - (ii) A regional centre of excellence is established. A thorough needs assessment will be undertaken for the creation of a centre of excellence to be hosted by the National Institute for Agronomic Research of Algeria (INRAA), the grant recipient. This centre will serve as a platform for interaction initially among the target countries and will include more countries at a later stage. The creation of this centre is part of the exit strategy and is intended to maximize sustainability and increase impact through scaling up.
 - (iii) Smallholder farmers' capacity for value chain integration is strengthened. The direct beneficiaries will be selected in close coordination with the partner institutions. Training sessions as well as tailored technical assistance interventions will be offered in each participating country.
 - (iv) Knowledge generated by the programme activities will be consistently and systematically captured and a series of publications will be produced.

V. Implementation arrangements

12. The recipient of the grant will be INRAA. The grant recipient has been selected from among several Algerian institutions through a transparent and competitive selection process whereby a detailed institutional review was conducted. This review concluded that INRAA has adequate legal status, and the necessary in-house expertise and regional outreach to effectively implement the programme. Furthermore, the institutional review concluded that the that INRAA is well equipped for the task of establishing a centre of excellence and network for South-South exchanges related to inclusive value chain development.

13. The grant's activities will be implemented in collaboration with government institutions, national research-for-development institutions and other development partners in each participating country. These partnerships will draw on the scientific and technical expertise needed to achieve the proposed objectives.
14. To ensure effective support for inclusive value chain development, a preliminary needs assessment was undertaken during design to identify institutions with adequate skills and capacity. However a more in-depth assessment will be conducted at start-up to ensure that all participating institutions have the necessary expertise in value chain development and to identify needs of the ultimate beneficiaries. Institutions already collaborating with INRAA have been identified as partners based their existing working experience with INRAA in the target countries (Djibouti, Sudan, West Bank and Gaza).
15. The main mechanism to guarantee institutional sustainability will be the centre of excellence for inclusive agricultural value chains. The creation of such a centre is explicitly built into the design with the purpose of sustaining the programme's initial results. An estimated 60 value chain facilitators will be trained over the course of the programme, which will further enhance the centre of excellence. These facilitators will include staff from the existing partner institutions who will continue to deliver support services for value chain development after programme closure.
16. During its 48 months of implementation, the programme will be under the technical and financial management of INRAA and will be directly supervised by IFAD.

VI. Indicative programme costs and financing

17. Total programme will have a total cost of US\$3.167 million, with IFAD financing amounting to US\$1.5 million and cofinancing from INRAA of US\$1.667 million. A further US\$0.6 million in-kind contribution is expected from the partner institutions in the target countries.

Table 1

Costs by component and financier

(Thousands of United States dollars)*

<i>Components</i>	<i>IFAD</i>	<i>Cofinancier</i>	<i>Total</i>
1. Capacity-building of participating institutions and target group members	800	700	1 500
2. Piloting inclusive value chain models in selected value chains in the participating countries	500	600	900
3. Knowledge management in the framework of South-South cooperation	200	367	767
Total	1 500	1 667	3 167

* Figures to be rounded to thousands.

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)*

<i>Expenditure category</i>	<i>IFAD</i>	<i>Cofinancier</i>	<i>Total</i>
1. Consultancies	300	251	551
2. Equipment and materials	50	180	230
3. Goods, services and inputs	150	170	320
4. Salaries and allowances	120	366	486
5. Training	600	450	1 050
6. Travel and allowances	130	50	180
7. Overheads/management fees	150	200	350
Total	1 500	1 667	3 167

* Figures to be rounded to thousands.

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Sustainable improved production and profitability for rural households, including small farmer households, women, unemployed youth and small and medium entrepreneurs.	Poverty reduction		The socio-economic and political environment is conducive to the implementation of South-South Cooperation
Objectives	<ul style="list-style-type: none"> - Development of territorialized Chains - Valorization of local know-how in terms of transformation of agricultural and improvement of market access conditions - Creation of a center of excellence to promote value chain exchanges and partnerships building among NENA countries in the framework of South-South Cooperation 	<p>Compared with the baseline situation (year 1 of the project):</p> <p>A total of 3000 direct beneficiaries</p> <p>1000 supplementary jobs created</p> <p>Increase of 30% of beneficiaries revenues</p> <p>Training of 60 Value Chain facilitators belonging to partners institutions</p>	<p>Surveys in the localities covered by the project</p> <p>Progress reports</p>	<ul style="list-style-type: none"> - Adequate support from local authorities - Adequate support of local facilitators - Existing local infrastructure (roads, rural roads and access roads)
Outputs	<p>Output 1. The lessons drawn from relevant Value Chain experiences are documented and valorized</p> <p>Output 2. The Regional Centre of Excellence is established</p> <p>Output 3. Small farmers' capacities for Value Chain integration are strengthened</p> <p>Output 4. Successful pilot models are implemented</p>	<p>Number of Value Chains experiences documented (at least 2 for each field of Value Chain)</p> <p>Regular meetings (at least 1 per year) of the Regional Excellence Centre's COPIL</p> <p>Regular meetings (at least 2 per year) of the Regional Excellence Centre's Scientific and Technical Council</p> <p>Number of partnerships established among actors at the end of the project (at least 8)</p> <p>Number of capacity building and exchange of experience workshops organized (at least 1 per country)</p> <p>Number of demonstration a and education sessions organized (at least 50)</p> <p>Surveys and participatory analysis (one per Value Chain)</p> <p>Number of pilot models (at least 1 per country) implemented</p>	<p>Study report</p> <p>Progress reports</p> <p>Surveys in the localities covered by the project</p> <p>Agreements documents</p> <p>Surveys in the localities covered by the project</p> <p>Evaluation workshop</p> <p>Survey</p>	