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Investing in rural people

President's report on a proposed grant under the global/regional grants window to Helvetas Swiss Intercooperation for the Asia training programme for scaling up pro-poor value chains

Note to Executive Board representatives

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For: Approval

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Abbreviations and acronyms

CGIAR	Consultative Group on International Agricultural Research
M&E	Monitoring and Evaluation
PCU	Programme Coordination Unit
RTF	regional training facility
VC	value chain

Recommendation for approval

The Executive Board is invited to approve the recommendation for a proposed grant under the global/regional grants window to Helvetas Swiss Intercooperation for the Asia training programme for scaling up pro-poor value chains, as contained in paragraph 5.

President's report on a proposed grant under the global/regional grants window to Helvetas Swiss Intercooperation for the Asia training programme for scaling up pro-poor value chains

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 Helvetas Swiss Intercooperation for the Asia training programme for scaling up pro-poor value chains. 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. With a focus on strengthening regional expertise in inclusive, pro-poor value chains, the proposed grant seeks to enhance the knowledge and capacity of national implementing partners, and support evidence-based scale up and policymaking.

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 Asia training programme for scaling up pro-poor value chains, shall provide a grant not exceeding two million United States dollars (US\$2,000,000) to Helvetas Swiss Intercooperation for five years 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

Asia training programme for scaling up pro-poor value chains

I. Background

1. Food and agricultural value chains are increasingly recognized as important entry points for sustainably improving smallholder productivity and produce quality, reducing smallholder transaction costs and facilitating new partnerships for processing and marketing agricultural commodities. IFAD borrowers and implementing partners have been keen to pursue these opportunities for increasing incomes and employing smallholder farmers and other rural people. However they continually face challenges in executing new approaches to market-driven service provision and private-sector partnerships. There is significant diversity in the contexts where value chain models are executed, and significant variability in the capacities of implementing partners to develop, implement and scale up value chain programmes. Targeted support is required for improving upstream analysis, strategy development, feasibility studies, monitoring and evaluation (M&E), and impact assessment.

II. Rationale and relevance to IFAD

2. The proposed grant aims to support the transformation of small-scale farming into a sustainable business, enabling smallholders to benefit from emerging market opportunities that can lift them out of poverty, and strengthening their resilience to climate variability and market volatility. It seeks to demonstrate and scale up models that create jobs and increase the participation of rural poor people – especially women and youth – in thriving rural economies.
3. The focus of this grant is to provide governments and regional development actors with technical expertise to build their capacities for effectively implementing, communicating and scaling up value chain programmes. It aims to establish a sustainable training facility, drawing on the expertise of a network of technical centres that is well positioned to support the pro-poor value chain initiatives of IFAD's implementing partners, non-governmental organizations (NGOs) and development actors in the region. Although services will be demand driven, the grant will create public goods through the development of knowledge products and institutional capacity-building. Once the facility is established, implementing partners and other stakeholders will be able to access the facility (and its associated network of national centres) to strengthen the identification, design and implementation of pro-poor value chain initiatives, and other training topics for which there is demand. To ensure long-term sustainability, the facility will charge fees to clients to recover running costs.
4. The proposed grant was developed through a competitive selection process: 11 NGOs, United Nations agencies, universities and organizations supported by the Consultative Group on International Agricultural Research (CGIAR) were invited to submit proposals. IFAD identified a joint proposal from Helvetas Swiss Intercooperation and Hivos¹ as the successful applicant in view of these organizations' extensive expertise in value chain programmes in the region and the strength of the technical proposal and programme team.

III. The proposed programme

5. The overall goal of the programme is to identify, design, implement and scale up pro-poor value chain initiatives. The programme's objective is to establish a self-sustaining regional training facility (RTF), based on a network of regional and national centres of excellence, which provides the technical expertise and training

¹ Helvetas Swiss Intercooperation is the lead partner and grant recipient; Hivos will be subcontracted as an implementing partner.

required to develop and scale up agricultural value chain initiatives. To ensure that the RTF continues to sustainably deliver training, a fee structure will be established for trainees that will allow the RTF to reach operational self-sufficiency by the end of the programme.

6. The target group includes poor rural women, men and youth participating in IFAD projects in Bangladesh, China, India, Indonesia, Lao People's Democratic Republic, Myanmar and Viet Nam. The programme will support value chain development projects that enhance the target groups' participation in emerging market opportunities.
7. The five-year programme will comprise: (i) a regional training facility in value chain development; (ii) policy dialogue and advisory support for pro-poor value chains; and (iii) efficient programme management, including knowledge management, and monitoring and evaluation.
8. Component 1: Regional training facility in value chain development. The establishment of a network training facility by Helvetas Swiss Intercooperation will follow a three-phase approach.
9. Phase 1: National, regional and global centres of excellence shall be invited to submit their proposals for a training programme, developed jointly with IFAD-funded projects, in one or more of the seven countries covered by the grant. Selection criteria will include: experience in value chains; relevance of the proposed training programme to IFAD's project needs; cofinancing; cost-effectiveness and value for money; and opportunities for regional collaboration.
10. Phase 2: Selected regional and national institutions will participate in a capacity-building consortium to: (i) revise and finalize the Helvetas Swiss Intercooperation business plan for the RTF; (ii) adopt a collaborative framework in the form of by-laws for developing and delivering training programmes; (iii) develop training and capacity-building modules, tools, methods and case studies to support pro-poor value chain initiatives; and (iv) establish capital for the training facility, which will operate on a full-cost recovery basis.
11. These activities shall be complemented by training of trainers on IFAD's guidelines, policies and toolkits related to value chains, M&E and scaling up. The grant will also fund a trial phase of the training programme in selected IFAD projects on a cost-sharing basis. This phase will enable participating national and regional institutions to: understand IFAD projects and the needs of the target groups; develop the capacity to meet the needs of pro-poor rural development projects; tailor training materials to the specific demands of IFAD projects; and develop partnerships among the training institutions selected as RTF members.
12. Phase 3: The final phase provides the exit strategy for the programme grant. It requires full-cost recovery of all training provided. An advance funding facility will enable participating institutions to cover up-front costs before training fees are received from clients.
13. Component 2: Policy dialogue and advisory support for pro-poor value chains. The implementation and scaling up of value chain programmes require the participation of a number of actors with roles in accountability, certification, branding, quality control and capital investments. Component 2 will support multi-stakeholder dialogue to map out constraints and opportunities, and agree on joint action plans that reflect the concerns and bottlenecks facing smallholder farmers and their organizations. The grant will support multi-stakeholder forums for discussing investment opportunities and enabling frameworks for value chains. These forums will be supported by stakeholder analysis to facilitate the design of policies and scale up strategies for value chains that strengthen the role of smallholders.

14. Component 3: Efficient programme management, including knowledge management, and monitoring and evaluation. A programme coordination unit (PCU) will prepare and manage the annual workplan and budget; ensure quarterly and annual reporting; and organize annual board meetings and programme activities.

IV. Expected outputs

15. The programme is expected to have the following outputs:
 - Output 1: A network of centres of excellence is in place to fulfil local training requirements in value chain development and M&E for scale up.
 - Output 2: Governments and implementing partners have access to affordable local or regional technical expertise for developing effective value chain interventions.
 - Output 3: Programme M&E systems are strengthened and oriented to facilitate learning and scale up.
16. The grant shall be used to develop a joint action plan for supporting value chain development projects with affordable local expertise. The action plan will include a financial plan for offering training modules to prospective clients on cost recovery basis. The modules will include classroom and on-the-job training, covering:
 - (i) pro-poor value chain analysis, brokerage and public-private-producer partnership instruments; and
 - (ii) programme results management, including output measurement and M&E requirements for scaling up.

V. Implementation arrangements

17. The programme will be implemented by Helvetas Swiss Intercooperation over five years. The PCU, composed of a part-time senior international programme advisor, a full-time programme manager, an M&E officer, a finance officer and an operations assistant, will coordinate programme activities. In addition, the PCU will be responsible for: financial control and management; administration; contracting and supervision of implementing agencies, service providers and contractors; monitoring implementation; reporting and evaluation; liaising with other donors and stakeholders; ensuring communication and publication of results, including through annual workshops and periodic reports; and coaching partners to develop training capacities.
18. The PCU will be based at Helvetas Swiss Intercooperation's Viet Nam country office and will act as secretariat of the RTF board during phase 2. The PCU will use established office facilities and existing equipment, including cars, photocopy machines and meeting and training rooms.
19. As grant recipient, Helvetas Swiss Intercooperation will enter into a subcontract with Hivos, which is subject to IFAD's prior review and no objection. The offices of Helvetas Swiss Intercooperation and Hivos in other countries will also be utilized. Helvetas Swiss Intercooperation and Hivos are committed to making local facilities and support staff available for the coordination of this programme as part of their contributions. For training purposes, experts from the country offices of Helvetas Swiss Intercooperation and Hivos with expertise and local knowledge will provide assistance.
20. Helvetas Swiss Intercooperation shall maintain separate records and financial accounts prepared in accordance with internationally recognized standards for this grant, and shall ensure that the entire programme implementation period is covered by audit. The recipient shall have its institutional accounts audited every year by independent auditors acceptable to IFAD in accordance with International Standards on Auditing. It shall deliver to IFAD a copy of its audited financial statements, which shall include specific reference to the grant, within six months

after the end of the recipient's fiscal year. The recipient shall ensure that within its audited financial statements, or separately, an audit opinion letter on the statements of expenditure submitted to IFAD during the fiscal year is duly completed by its independent auditor.

VI. Indicative programme costs and financing

21. Programme costs are estimated at US\$2,238,000 over five years, to be financed by a US\$2 million grant from IFAD, US\$21,000 in contributions by Helvetas Swiss Intercooperation and Hivos, and an estimated US\$21,000 from participating centres of excellence.

Table 1

Costs by component and financier

(Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>Centres of excellence</i>	<i>Helvetas Swiss Intercooperation / Hivos</i>	<i>Total</i>
Component 1: Regional training facility in value chain development	650	21	22	693
Component 2: Policy dialogue and advisory support for pro-poor value chains	600			600
Component 3: Efficient programme management, including knowledge management, and monitoring and evaluation	750		195	945
Total	2 000	21	217	2 238

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Centres of excellence</i>	<i>Helvetas Swiss Intercooperation / Hivos</i>	<i>Total</i>
1. Consultancies	700			700
2. Equipment and materials	-	-	-	-
3. Goods, services and inputs	260			498
4. Operating costs	130			130
5. Salaries and allowances	480			480
6. Workshops	-	-	-	-
7. Training	-	-	-	-
8. Travel and allowances	250			250
9. Sub-grants	-	-	-	-
10. Overheads/management fees	180	21	217	180
Total	2 000	21	217	2 238

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Governments and implementing partners in 7 target countries are designing, implementing, and scaling up value chain initiatives that increase incomes of the rural poor.	Improved implementation of value chain initiative in at least 10 IFAD projects in the 7 participating countries (number and scale of these initiatives and impact in terms of raising household income)	IFAD project supervision missions and country portfolio reviews	
Objectives	RTF and member centres are able to cover the cost of their services from fee and other income and expand their working capital and training programmes by grant completion	RTF and member centres are able to cover the cost of their services from fee and other income; and expand working capital and training programmes by grant completion Training material used in curricula for >50% of members	RTF Financial Reports Overview of training offers of the member centres (undertaken by Helvetas-Hivos)	Market demand for VC training and coaching services exists in and beyond IFAD projects; and projects are willing to pay for these services.
Outputs	Governments and executing partners have affordable and prompt access to local or regional technical expertise needed for effective and sustainable VCD; The capacity of IFAD and other projects to plan, implement and monitor VCD is increased.	At least 1 centre in each country offers VC capacity-building services on continuing basis, delivering at least 1 training per annum 750 staff of IFAD partners plus 1100 agency personnel have enhanced capacity through the Facility At least 1 annual regional event and a viable means of information exchange At least 5 projects carry out studies on results of VCD using M&E tools/approaches disseminated by the grant.	RTF Reports IFAD project reports Participant's feedback sheets and follow-up interviews.	IFAD projects and other clients represent sufficient business opportunities for CoEs to invest in developing new competencies. RTF network is sufficiently attractive to CoEs, for them to allocate resources
Key Activities	National/regional/global centres of excellence active in pro-poor VC development are identified and selected Capacity of consortium members in IFAD guidelines, policies and toolkits on value chains, M&E and scaling up is increased. Joint action plans reflecting concerns and bottlenecks facing smallholders and their organisations are agreed Research relating to policies and scaling-up strategies for upgrading pro-poor VCs	>7 national centres of excellence selected Business plan and consortium by-laws are finalized & agreed. CoE staff are trained to deliver ToT in VCD. >3 training programs finalized, covering value chains, M&E and scaling up; & localized in each of 7 countries 1 joint action plan per country and one overall action strategy for the region. Research output completed per country each of years 2-4 as well as annual quality "headline" research output	Minutes of facility setup meetings Documentation of training programs and curricula Country TOT Reports Competence profile of value chain facilitators & CoE Research and fora reports	CoE are able to mobilise interest, development actors and resources from various sources to initiate and maintain fora on VC policy dialogue and knowledge sharing at country level