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Investing in rural people

President's report on a proposed grant under the global/regional window to the International Center for Tropical Agriculture (a CGIAR institution) for the project: A Common Journey – Capacity Development on Climate-Smart Agriculture in Central America to Strengthen Policies and Decision-making for Climate Change Adaptation and Mitigation Actions

Note to Executive Board representatives

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For: Approval

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 24.

President's report on a proposed grant under the global/regional window, to the International Center for Tropical Agriculture (a CGIAR institution) for the project: A Common Journey – Capacity Development on Climate-Smart Agriculture in Central America to Strengthen Policies and Decision-making for Climate Change Adaptation and Mitigation Actions

### I. Background and compliance with IFAD Policy for Grant Financing (2015)

1. Central America is highly vulnerable to the impacts of climate change and climate variability. In the last decade, five of the region's countries were among the 10 most affected by extreme weather events. Climate in Central America already swings between periods of drought and heavy rainfall each year; and climate change is expected to exaggerate this seesaw effect, intensifying the hot, dry periods in particular. As Central America is a relatively narrow stretch of land wedged between the Pacific and Atlantic oceans, it is particularly exposed to changes in weather systems – even when these are driven by small changes in the regional climate system. This means that the region's 42 million inhabitants are likely to start feeling the effects of climate change sooner, and more intensively, than peoples in other parts of the world. Without adaptation, climate change will aggravate poverty levels among Central American families and swell the number of economic migrants.
2. Despite their high agricultural potential, El Salvador, Guatemala, Honduras and Nicaragua are still the poorest countries in the region and are regularly hit by extreme weather events such as extensive droughts, hurricanes and tropical storms. In recent years, the El Niño and La Niña phenomena have caused lengthy periods of drought and flooding, as well as extreme and prolonged frosts, that have destroyed crops and livelihoods.
3. The key issues for these countries (according to the CGIAR Research Program on Climate Change, Agriculture and Food Security [CCAFS] in 2013) are as follows: (i) Guatemala has passed climate change mitigation and adaptation legislation, but needs greater coordination and support in applying the corresponding policies with farmers; (ii) discussions in El Salvador have centred on the eastern region, which is very wet during the rainy period but suffers long periods of drought during the dry season; (iii) in Honduras, training is needed on topics such as climate change adaptation techniques, improved extension practices to transfer knowledge to farmers, and community education for farmers; and (iv) in Nicaragua, the main problem facing agriculture is its low productivity. This is largely related to farmers' lack of access to credit, which hinders their ability to improve practices.
4. The concept of climate-smart agriculture (CSA) reflects an ambition to integrate agricultural development more closely with climate responsiveness. It aims to achieve food security and fulfil broader development goals in a situation of climate change and growing demand for food. CSA initiatives sustainably increase productivity, enhance resilience and reduce/eliminate greenhouse gases. They also

require planning to exploit trade-offs and synergies between the three pillars of productivity, adaptation and mitigation. Nonetheless, little is known about the type of CSA practices and technologies that are most appropriate at the local level. Moreover, wide-scale adoption of CSA practices, technologies and portfolios will require an enabling environment that includes plans and policies at the local and regional levels. How subnational policies and programmes can stimulate farmers to adopt best-bet CSA needs to be better understood. To that end, the International Center for Tropical Agriculture (CIAT) has been working with partners to develop a wide range of CSA tools, some of which will be used in implementing this grant project.

5. The proposed project is in line with the goal and objectives of IFAD's Policy for Grant Financing (2015),<sup>1</sup> as it contributes to: (i) promoting innovative, pro-poor approaches and technologies that have the potential to be scaled up for greater impact; and (ii) generating and sharing knowledge for development impact. The proposed project operates in the fourth priority area of the 2016 grants programme: agricultural research for development to enhance the sustainability, intensification and resilience of smallholder agriculture.
6. The proposed project is directly linked to IFAD's ongoing activities in the region. At the country level, the project is fully aligned with the strategic objectives identified in each target country's results-based country strategic opportunities programme. Synergies will be generated with the Dry Corridor Rural Family Sustainable Development Project in Nicaragua; the National Programme of Rural Economic Transformation for Living Well – Rural Adelante II (expansion) in El Salvador; and the regional grant Programme for Rural Regional Dialogue – Central America and Dominican Republic, among others. Given its regional nature, the proposed project is expected to have a strong cross-project learning dimension, with a view to promoting CSA practices in Central America.
7. The project is aligned with IFAD's medium-term plan 2016-2018 fourth thematic cluster (agricultural research to generate/facilitate delivery to smallholder farmers) and strategic objective three of IFAD's Strategic Framework (2016-2025) (strengthen the environmental sustainability and climate resilience of poor rural people's economic activities). It is also expected to contribute to one of the three main outcomes mentioned in the Strategic Framework: improved country-level capacity for rural policy and programme development, implementation and evaluation.

## II. The proposed project

8. The project's overall goal is to strengthen policies, strategies and programmes for adapting to and mitigating climate change and climate variability, with a focus on smallholder farmers and climate-smart agricultural practices in Central America.
9. The project's objectives are outlined below:
  - (i) In year one, CIAT-CCAFS, in coordination with IFAD, will facilitate the exchange of experiences and knowledge among officials and experts from the agriculture and environment sectors in Central American (CA-4) countries, and disseminate the Colombian example of best practice;
  - (ii) By year three, CIAT and IFAD will have built capacities among government officials and experts who are responsible for, or involved in, implementing CSA policies in the four target countries;
  - (iii) By year three, IFAD, CIAT and the University for International Cooperation (UCI) will have encouraged policymakers (in the environment and agriculture

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<sup>1</sup> See EB 2015/114/R.2/Rev.1.

sectors) to introduce innovative and robust CSA policies in close coordination with small farmers' organizations; and

- (iv) By year three, IFAD and governments will have identified future key opportunities for CSA investments for smallholders in the four target countries.
10. The direct target group will be composed of:
    - (i) 16 government officials and experts who are involved in, or have influence on, climate policymaking at the regional level;
    - (ii) 40 government officials and experts who are involved in, or have influence on, national policymaking from national ministries of agriculture and environment;
    - (iii) Around 90 rural families (50 per cent of which are headed by women) and their organizations, for whom targeted information on CSA will be produced and shared; and
    - (iv) 2,000 rural families (50 per cent of which are prone to marginalization) and their organizations, who will gain access to key data on seasonal forecasts and agronomy recommendations, in order to build resilience for coping with climate variability.
  11. The indirect target group will be composed of 20,000 poor rural women (50 per cent) and men (50 per cent), and their organizations.
  12. The project will be implemented over two and a half years and will have the following components: (i) knowledge exchange; (ii) institutional capacity-building; (iii) policy; (iv) key investment in CSA; and (v) monitoring and evaluation.

### III. Expected outcomes/outputs

13. The project is expected to produce the following outputs: (i) increased institutional capacity to implement CSA policies; (ii) increased institutional capacity to generate and use agro-climatic forecasting data to guide actions in the agricultural sector with a view to reducing the impacts of climate variability on small farmers' livelihoods; (iii) development of socioeconomic scenarios to contribute to national policy frameworks and strategies, using research outputs such as innovative climate services and prioritized CSA alternatives for small farmers; and (iv) identification, by governments and IFAD, of key investments in CSA practices and technologies through a CSA portfolio for small farmers in the four target countries.

### IV. Implementation arrangements

14. CIAT is the recipient and lead implementing organization of the proposed grant-funded project and will coordinate financial management and reporting. It will prepare an annual workplan and budget in an acceptable format for approval by IFAD. The grant proceeds will be transferred to CIAT in response to a duly certified disbursement request, pursuant to the agreed-upon disbursement schedule. CIAT's work will be supported by a sub-agreement with UCI, which will be subject to IFAD approval.
15. CIAT has a recognized track record of supporting IFAD operations at the country level, including projects funded by the Adaptation for Smallholder Agriculture Programme in Nicaragua (Adapting to Markets and Climate Change Project), Liberia (Tree Crops Extension Project), Comoros (an initiative in support of agricultural value chain development) and Uganda (Project for the Restoration of Livelihoods in the Northern Region).
16. As the CCAFS lead center, CIAT also has vast experience in implementing CCAFS projects in the region which will make a positive contribution to the proposed

project given its alignment with the main goal of the CCAFS: supporting climate resilience in the Central American agricultural sector.

17. The UCI, in close collaboration with Oxford University's Environmental Change Institute, has been pioneering scenario-guided policymaking for climate change adaptation and mitigation since 2013. Policy engagement in six countries in Latin America and five other regions worldwide has shown that the scenarios approach is an effective tool not only for innovating, testing and consolidating the effectiveness of agricultural policies in the context of uncertainties related to climate change and social, economic, political and environmental development, but also for enhancing dialogue and collaboration between multiple sectors, levels and stakeholder groups.
18. A project coordination team will be responsible for technical implementation, including planning, technical coordination, knowledge management, and monitoring and evaluation. The team consists of climate change scientists, economists, soil scientists, agronomists, environmentalists, social scientists and other experts. The team will also be supported by the CCAFS Latin America programme, and it will collaborate with researchers and other ongoing CIAT projects on CSA in the climate change research area.
19. Clear sets of indicators for monitoring and evaluation will be identified for each of the four objectives, to allow progress with target groups to be monitored. A baseline of the knowledge, attitudes and skills of national entities and their staff in terms of information on climate variability and change will be created. This will be used to set up a learning agenda, which will be implemented, facilitated, and periodically monitored using the 5Q approach.<sup>2</sup> The latter is a smart technique developed by CIAT for effective adaptive management, using cost-effective information and communications technology tools. Feedback surveys will be gathered from policymakers, CSA programme implementers at the institutional level, and farmers as the beneficiaries of improved CSA policies locally.
20. By strengthening the CSA capacities of regional and national stakeholders, and by using soundly based knowledge to inform policy, Central American decision makers will be able to introduce innovations into new policies and support the scaling up of specific CSA practices.
21. There are no deviations from the standard procedures for financial reporting and audits.

## V. Indicative project costs and financing

22. The total budget for the project is approximately US\$1,750,000. IFAD will contribute US\$1,000,000 and CIAT the remaining US\$750,000.
23. Project details by financing source and component are shown in table 1.

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

<i>Components</i>	<i>IFAD</i>	<i>CIAT</i>	<i>Total</i>
1. Knowledge exchange	102	76.5	178.5
2. Institutional capacity-building	331	266.0	597.0
3. Policy	156	100.0	256.0
4. Key investment in CSA	199	157.5	356.5
5. Monitoring and evaluation	121	150.0	271.0
6. Indirect cost (10 per cent)	91	-	91.0
<b>Total</b>	<b>1 000</b>	<b>750</b>	<b>1 750</b>

<sup>2</sup> Methodology is based on a five-question approach. For details see [www.5qapproach.org](http://www.5qapproach.org).

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

<i>Expenditure category</i>	<i>IFAD</i>	<i>CIAT</i>	<i>Total</i>
1. Salaries and allowances	272	750	1 022
2. Workshops	176	-	176
3. Goods, services and inputs	129	-	129
4. Equipment and materials	24	-	24
5. Travel and allowances	158	-	158
6. Consultancies	150	-	150
7. Indirect costs	91	-	91
<b>Total</b>	<b>1 000</b>	<b>750</b>	<b>1 750</b>

## VI. Recommendation

24. 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 project titled: A Common Journey – Capacity Development on Climate-Smart Agriculture in Central America to Strengthen Policies and Decision-making for Climate Change Adaptation and Mitigation Actions, shall provide a grant of one million United States dollars (US\$1,000,000) to the International Center for Tropical Agriculture (CIAT) for a period of 30 months, 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

# Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	Strengthen climate policies, strategies and programmes with a focus on Climate-Smart Agriculture practices for smallholder farmers in Central America (CA4)	# (number) of regional and national strategies and plans that promote the use of climate smart agricultural practices and with a focus on smallholder farmer's technologies in CA4 countries	Carry out a baseline study and list of existing climate change policies at the beginning of the project	
<b>Objectives</b>	<p>1. By year one of the project, CIAT-CCAFA in coordination with IFAD will facilitate knowledge exchange of experiences for functionaries and experts of agriculture and environment sectors between countries in Central American (CA4) and with the best-practice example Colombia</p> <p>2. By year 3 of the project, CIAT and IFAD will strength capacities of government functionaries and experts that are responsible or are involved on implementing CSA policies in the 4 countries selected</p> <p>3. By year 3, IFAD, CIAT and UCI will encourage policy makers (environment and agriculture) to introduce innovative and robust CSA policies in close coordination with IFAD and small farmers organizations</p> <p>4. By year 3 of the project, IFAD and governments will identify future key opportunities for investments on CSA for smallholders in the 4 countries selected</p>	<p>- Increased knowledge of existing experiences from other countries</p> <p>- Increased capacity of government functionaries and experts for CSA prioritization, seasonal forecasting as climate services</p> <p>- At least one pro-poor legislation and regulations enforced at the local or national level</p> <p>- Identified opportunities for future investments on CSA in Central America</p>	Baseline study at the beginning of the project; Monitoring and Evaluation during the project implementation and impact assessment by indicators proving the projects impact at the end of the project. We are using the 5Q approach for Monitoring and Evaluation and recurrent Feedback surveys with relevant project stakeholders	<p>Governments, institutions and smallholders in Central America are interested in CSA strategies and programmes</p> <p>Effects of long-term Climate Change and variability will be within the range of uncertainty of IPCC predictions</p>
<b>Outputs</b>	<p>1. Functionaries and experts of agriculture and environment sectors increased their capacity for implementing CSA through knowledge exchange of experiences on policies and strategy development for climate change adaptation and mitigation in the 4 target countries (CA4) by the end of year 2017. National experts from the 4 target countries increased their capacity to generate and use agro-climatic forecast information to guide actions in the agricultural sector to decrease impacts from climate variability on small farmer's livelihoods by year 2019</p> <p>3. Socioeconomic scenarios developed to contribute to policy frameworks and strategies at national level using research outputs like innovative climate services and prioritized CSA options for small farmer by year 2019</p> <p>4. Government and IFAD identify key investments in CSA</p>	<p>16 government functionaries have increased capacity from knowledge exchange</p> <p>40 Government officials /national experts are trained</p> <p>90 Households covered by new or improved climate information services.</p> <p>At least 40 Trade associations (coffee growers, breeders, producers of basic grains) are trained with technical staff to make use of climate information in decision-making</p> <p>3 socioeconomic scenarios developed for the</p>	Integrated Knowledge management including exchanges and sharing off activities, documents and learned lessons on information platforms	<p>Willingness of government officials and national experts to participate in the project</p> <p>Climate change and variability implications are considered as at priority within national agendas for the agricultural sector</p> <p>Government institutions, producer associations, universities, research centers, civil society, share climatic and crop monitoring real-time information</p> <p>Willingness of government officials</p>

	<b>Objectives hierarchy</b>	<b>Objectively verifiable indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
	practices and technologies through a CSA portfolio for small farmers in the 4 target countries	<p>same number of countries</p> <p>4 portfolios for four different watershed (one in each country) in which CSA practices and technologies are prioritized by preferences by farmers, CBA analysis and best location for ecological contribution</p> <p>2 policy briefs on CSA practices and technologies published and shared</p>		and national key experts to address climate change and agriculture planning in an innovative way by looking at a long term perspective
<b>Key activities by component</b>	<p>1.1.1 Prepare detailed workplan in coordination with key stakeholders, ECD/LAC and CPMs.</p> <p>1.1.2 Continuous engagement to exchange experiences among Central American</p> <p>2.1.1 Run pilots on seasonal forecasting involving climate and crop models contextualized to the local reality through CA4 and existing local alliances in Nicaragua, Honduras and Guatemala</p> <p>2.1.2 In coordination with IFAD, facilitate local workshops in the four countries of intervention, to share methodologies used and results for seasonal forecasts</p> <p>3 inclusion of key innovations on mitigation and climate variability management through seasonal forecast and agronomic recommendations in policies and strategies at regional and national levels and make these strategies robust by testing them in multiple future socioeconomic scenarios that capture key uncertainties</p> <p>4.1.2 Conduct workshops for local farmer and experts to prioritize CSA practices and technologies. The farmers will be the same selected for seasonal forecasting involving climate and crop models and these will be selected in accordance with governments priorities and farmer organizations that are currently working with CIAT</p> <p>4.1.6 IFAD CPMs and CIAT, based on the findings, will conduct workshops to deliver results and receive feedbacks from government institutions, farmers organizations and other key partners</p> <p>5.1.4 Integrate in all activities frequent Monitoring using the 5Q System, a low-cost ICT System for monitoring and Evaluation of project implementation including all project stakeholders.</p>	<p>1 Detailed plan developed. 1 interregional workshop, 4 national workshops for exchange experiences, 7 teleconferences</p> <p>4 pilots sites running for generate agro-climatic information. 4 workshops to exchange information on pilots sites</p> <p>1 report for updating map of stakeholders, strategies and policies on climate change in the region. 3 workshops at national level for socioeconomic scenarios</p> <p>2 CSA prioritization of practices and CBA analysis. 4 workshops on CSA at national level. 4 policy briefs</p> <p>4 monitoring reports</p> <p>At least 1 joint publication. IFAD – CIAT to report on the overall results of the project , with a strong focus on main findings, lessons learned and next steps - based on 5Q results, policy and strategies analysis, processes and tools developed.</p>	<p>1. Workplans, surveys, workshop and teleconference brief reports</p> <p>2. Periodical technical reports, workshop reports</p> <p>3. Database, contracts</p> <p>4. Reports, policy briefs, workshop reports</p> <p>5. Monitoring reports</p>	<p>The political and security situation remains stable</p> <p>Level of interest of all key stakeholders remains high</p>