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Investing in rural people

President's Report on a Proposed Grant under the Global/Regional Grants Window to the Asian Farmers Association for Sustainable Rural Development for the Asian Pacific Farmers' Programme

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 25.

President's Report on a Proposed Grant under the Global/Regional Grants Window to the Asian Farmers Association for Sustainable Rural Development for the Asian Pacific Farmers' Programme

I. Background and compliance with IFAD Policy for Grant Financing

1. The proposed Asian Pacific Farmers' Programme is a response to the increasingly active participation of farmers' and rural producers' organizations in the Asia and the Pacific region in rural economic development. These organizations are tackling the challenges of reducing rural poverty, improving food security and nutrition, securing and improving access to development opportunities for smallholders (including market and agribusiness opportunities), and deepening engagement in agricultural value chains. As membership-driven entities, farmers' organizations (FOs) are becoming increasingly dynamic and responsive, transforming themselves to represent the evolving interests of a broad range of producers from different socioeconomic backgrounds (including vulnerable people such as women, youth and minority ethnic groups). These FOs actively support their members and voice their concerns, viewpoints, interests and expectations – including in decision-making processes.
2. Since 2009, IFAD has provided support to smallholder farmers, producers and their organizations in the Asia-Pacific region through the two phases of the Medium-term Cooperation Programme with Farmers' Organizations in Asia and the Pacific (MTCP1 and MTCP2), and the IFAD Farmers' Forum support framework. MTCP2 is nearing its completion in June 2019.
3. The early efforts and of MTCP1 and MTCP2 established a foundation for the emergence of a strong consolidated network of FOs in the Asia and the Pacific region that is capable of representing and supporting its FO members, including small-scale farmers and vulnerable groups. As strengthened institutions, these FOs can ensure that: (i) small-scale farmers benefit from the sustainable and profitable business services provided by their organizations; and (ii) priority issues and concerns of small-scale farmers are raised at the national and regional levels, and translated into policy advocacy for laws and regulations that are favourable to small-scale farmers.
4. Building on the success of MTCP1, MTCP2 increased the number of countries, FOs and individual farmer members represented. More importantly, MTCP2 spearheaded a shift in FO operations towards the provision of economic services to farmers by: supporting and establishing agricultural cooperatives; forming commodity clusters; and enhancing country-level engagement with private-sector partners. In South-East Asia, IFAD and the European Union have also provided support to increase the engagement of young farmers in marketing. These initial efforts require further technical and financial support to reinforce and scale up results to date. The proposed programme aims to consolidate these gains while encouraging FOs to extend their reach through expanded partnerships with the public and private sectors.

5. It is expected that as FO capacities in the provision of business services and policy reform are strengthened, these organizations will become recognized as key development partners and service providers by development actors including IFAD, the European Union, other donors and governments. The proposed programme scales up these previous efforts to strengthen FOs in Asia and the Pacific. Specifically, it aims to deepen policy engagement and strengthen the development and delivery of responsive business and marketing services by FOs.
6. The proposed programme is closely aligned with IFAD's priorities, including commitments to the Eleventh Replenishment of IFAD's Resources (IFAD11). It will contribute to IFAD's mandate by: promoting investments in rural people; and empowering them to increase their food security, improve household nutrition and increase their incomes through their own organizations in Asia and the Pacific.
7. In addition, the programme is in line with the IFAD Policy for Grant Financing¹ by promoting scalable innovative and pro-poor approaches and technologies through FOs as representatives of small-scale farmers. Through their engagement with multiple stakeholders, FOs will become repositories for new and innovative approaches and technologies related to agribusiness, which can further disseminate these innovations. The programme also aims to strengthen FO capacities so that they can become reliable and recognized institutions, and key development partners, particularly for engaging in and influencing policy discourse at the national, sub-regional and regional levels. Advocacy and policy engagement will be enhanced through strengthened collaboration among FOs for small-scale farmers' access to – and ability to benefit from – agribusiness opportunities. Finally, the programme will generate and share knowledge on a broad scale through the region's vast network of FOs.
8. Based on the recognized leadership of the Asian Farmers' Association for Sustainable Rural Development (AFA) in MTCP-2² and its support to FOs in enhancing their capacities in agriculture and rural development, AFA was directly selected as the institution best placed to implement this programme.

II. The proposed programme

9. The overall goal of the programme is to contribute to an enabling environment for rural poverty reduction through support to rural smallholders and their organizations at the national, sub-regional and regional levels in Asia and the Pacific.
10. The programme's specific objective is that FOs are professionally capacitated to provide sustainable demand-driven business and technical services to their members, and engage in effective policy dialogue for improving the livelihoods and incomes of smallholder farmers and producers in Asia and the Pacific.
11. The target group will be composed of farmers and rural producers, especially smallholders and vulnerable groups, and their households, through their participation in FOs. This target group includes smallholder men and women farmers and producers who are members – or interested in becoming members – of local and national FOs in 29 countries across the region.³
12. Based on experience from MTCP2, an estimated 3 million farmers will be reached through conducive policy reforms and the creation of an enabling policy environment stemming from the institutional strengthening and support provided

¹ See EB 2015/114/R.2/Rev.1.

² In MTCP2, AFA was selected through a competitive process.

³ Afghanistan (new), Bangladesh, Bhutan, Cambodia, China, Cook Islands, Fiji, India, Indonesia, Kyrgyzstan (new), Lao People's Democratic Republic, Malaysia (new), Maldives (new), Mongolia (new), Myanmar, Nepal, New Caledonia, Pakistan, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Tajikistan (new), Thailand, Timor-Leste, Tonga, Vanuatu and Viet Nam.

to FOs and networks at the sub-regional and national levels.

13. Among the target group of smallholder farmers and producers, there is a sub-group of smallholder farmers with the potential to become active economic players in emerging value chains, supported by business services provided by their FOs. The programme will provide the tools and capacity-building support to FOs in marketing, business and revenue model analysis, brokering and negotiation with the private and banking sectors in order to engage small-scale farmers in public-private-producer partnerships (4P) and agribusiness partnerships. It is expected that approximately 150,000 households will be involved in the 4Ps brokered or implemented by their FOs.
14. Implemented over five years, the programme will have the following components: (i) FO service development; (ii) policy engagement; and (iii) programme management, monitoring and evaluation (M&E), and coordination.

III. Expected outcomes/outputs

15. The programme is expected to have the following outcomes: (i) FO members and member-based production and marketing organizations have increased and regular access to professional and business services, especially from their organizations; (ii) small-scale farmers are included in agribusiness partnerships for better income-generation; and (iii) an enabling policy environment for equitable and sustainable smallholder development is created through a strengthened network of FOs.
16. The expected key outputs related to component 1 include: 1.1.1 – Mapping and profiling – establishment of FO national directories; 1.1.2 – Elaborated FO business and capacity-building plans; 1.1.3 – Establishment of business and advisory service centres; 1.2.1 – Establishment of a dedicated fund for FO development; 1.2.2 – 4P model developed for FOs; and 1.2.3 – 4P arrangements in place.
17. The expected key outputs related to component 2 include: 2.2.1 – Elaboration of an FO strategy for policy engagement; 2.1.2 – FO leaders trained in priority skills for policy mediation; 2.1.3 – Accreditation of FOs in sub-regional bodies; 2.1.4 – Establishment of a policy and knowledge development fund; and 2.1.5 – Policy briefs and papers elaborated, and learning routes established.
18. A significant feature of the programme will be its specific attention to fostering effective M&E, knowledge management and learning, complementing IFAD's own knowledge management and learning agenda. The results, lessons learned and experiences shared across 29 countries will add significant value to ongoing and future IFAD and European Union programmes. The learning and information stemming from this programme will be reinforced through policy advocacy promoted by the programme and other IFAD programmes in the region.

IV. Implementation arrangements

19. The programme will draw on past lessons and refine the operational management arrangements established by MTCP2 at the regional, sub-regional and national levels. This includes streamlined financial management, M&E and knowledge management functions assigned to AFA as the regional implementation agency. Sub-regional implementing agencies (particularly in the Pacific due to these countries' geographical dispersion) and national implementing agencies will be selected by AFA. Focal points will be selected to provide operational coordination and guidance in sub-regional and national-level policy engagement.
20. Programme management will be guided by a regional steering committee and three sub-regional committees responsible for: (i) providing direction on regional, sub-regional and national platforms' operations; (ii) coordination among sub-regional and national stakeholders, working groups, and other stakeholders involved in implementation; (iii) review and endorsement of annual workplans and budgets,

and annual progress reports; and (iv) coordination of joint actions such as consultations, lobbying and representation.

21. For streamlined grant administration, a single grant agreement will be established between IFAD and AFA as the grant recipient. As required, AFA will enter into subsidiary agreements with other implementing partners, clarifying and detailing the expected roles and responsibilities of each party, subject to no objection by IFAD.
22. Procurement of goods and services financed through the programme will be in accordance with IFAD's Procurement Guidelines.
23. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative programme costs and financing

24. The total programme cost is estimated at US\$48.7 million, comprising a US\$3 million IFAD grant, US\$17.6 million in European Union financing, US\$1.1 million in FO contributions and US\$27 million in cofinancing from: 4P/agribusiness partnership proposals through ongoing IFAD and European Union projects (US\$15 million); participating financial institutions (PFIs) (US\$10 million); and other partners (US\$2 million). Approximately 82 per cent of the budget is related to component 1 (FO service development), which includes financing of the 4P/agribusiness partnerships.⁴

Table 1

Costs by component and financier

(Thousands of United States dollars)

<i>Component</i>	<i>IFAD grant</i>	<i>EU grant</i>	<i>FOs</i>	<i>IFAD/EU ongoing projects</i>	<i>PFIs</i>	<i>Other</i>	<i>Total</i>
1. FO service development	1 050	11 800	100	15 000	10 000	2 000	39 950
2. Policy engagement	1 000	3 900	550	-	-	-	5 450
3. Programme management, M&E, and coordination	950	1 900	450	-	-	-	3 300
Total	3 000	17 600	1 100	15 000	10 000	2 000	48 700

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD grant</i>	<i>EU grant</i>	<i>FOs</i>	<i>IFAD/EU ongoing projects</i>	<i>PFIs</i>	<i>Other</i>	<i>Total</i>
1. Consultancies	825	3 701	300	-	-	-	4 826
2. Equipment and materials	100	500	-	-	-	-	600
3. Goods, services and inputs	50	420	150	-	-	-	620
4. Operating costs	-	200	100	-	-	-	300
5. Salaries and allowances	500	1 000	100	-	-	-	1 600
6. Workshops	600	2 040	450	-	-	-	3 090
7. Training	75	439	-	-	-	-	514
8. Travel and allowances	350	300	-	-	-	-	650
9. Sub-grants	500	9 000	-	15 000	10 000	2 000	36 500
Total	3 000	17 600	1 100	15 000	10 000	2 000	48 700

⁴ For financing of the 4P/agribusiness partnerships, a total of US\$36.5 million has been estimated as a requirement to reach 150,000 households, with a planned investment per farmer of approximately US\$245.

VI. Recommendation

25. 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 Asian Pacific Farmers' Programme, shall provide a grant of three million United States dollars (US\$3,000,000) to the Asian Farmers' Association for Sustainable Rural Development for a five-year period upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Hougbo
President

Results-based logical framework

Results Hierarchy	Indicators ⁵				Means of Verification			Assumptions
	Name	Unit	Baseline ⁶	End Target	Source	Frequency	Responsibility	
Outreach	Number of persons receiving services promoted or supported by the project (core indicator outreach 1)	Total	N/A	3 million	M&E system/ Partners reports	monthly	RIA	
Goal: To contribute to an enabling environment for rural poverty reduction, through instrumental support to rural smallholders and their organizations at national, sub-regional and regional levels in Asia and the Pacific	Households with improvement in quality of their diets sufficiency	Percentage	N/A	30%	Baseline and completion surveys	Baseline and Completion	RIA	Political stability Political and policy support for farmer organizations Pro-poor agricultural and rural development policy agendas
	Number of countries with NFOs with standing representation/ seats in official agricultural/ RD policy platforms	Number	14	8 new countries; 3 sub-regional	Baseline, Reports by FO platforms/ forums	Annually	RIA	
Development Objective: Farmer organizations are professionally capacitated to provide sustainable demand-driven (business and technical) services to their members and engage in effective policy dialogue for the improved livelihoods and incomes of smallholder farmer/ producers in Asia and the Pacific	% of FOs providing new or improved advisory technical services to their members	Percentage	10	20	Baseline and completion surveys;	Annually	RIA	Political stability Political and policy support for farmer organizations Relatively stable market demand and conditions for agri-products
	Number of FOs engaged in formal partnership arrangement with leading policy makers/ influencers	Number	104 ⁷	29 ⁸	Feature stories; case studies			
Component: <u>FO services development</u> Outcome 1.1 <i>Farmer organization members and member-based production and marketing organizations have increased and regular access to professional services, and business services especially, from their organizations</i>	Number of FOs (new) with professional services	Number	10	20	Baseline and completion surveys	Baseline and Completion	RIA	
	% of FOs supported by service centres	Percentage	10	20	M&E system, field surveys	Annually	SRIA/ RIA	
Outputs <i>1.1.1 Mapping and profiling - establishment of FO national directories;</i> <i>1.1.2 Elaborated FO business and capacity building plans</i> <i>1.1.3 Establishment of the (business and advisory)</i>	Number of national FO directories established	Number	26	29	Annual reports	Annually	NIAs	
	Number of FO members directly served by technical/ business services from FOs with embedded market-based business model	Number	TBD	7000 ⁹	Annual reports	Annually	SRIA/ RIA	

⁵ Data will also be disaggregated by national/sub-regional/regional levels; data for all household related indicators should be disaggregated by poverty status, age and gender to the extent feasible

⁶ Baseline figures will be updated with MTCP2 final results where appropriate and based on the baseline survey

⁷ This refers to the number of MTCP2 FOs to-date, engaged in regular policy dialogue with policy makers

⁸ One formal partnership per country for those countries already supported under MTCP2

⁹ 1000 members per FO, per country, with 7 FOs with newly embedded business model

Results Hierarchy	Indicators ⁵				Means of Verification			Assumptions
	Name	Unit	Baseline ⁵	End Target	Source	Frequency	Responsibility	
<i>service centres</i>	% of FOs supported by service centres	Percentage	0	20	Annual reports service centre reports	Bi-annually	TA within SRIA/ RIA	
Outcome 1.2 <i>Small farmers are gainfully included in agribusiness partnerships¹⁰ for better income-generation</i>	% of 4P partnerships in operation after 3 years	Percentage	0	50	Baseline completion surveys	Baseline, MTR and Completion	RIA	Value chain actors are willing to cooperate and work together
	% of supported FO members reporting a minimum 30% increase in income	Percentage	0	50	Baseline survey, annual reports, completion	Annually	NIA/ SRIA/ RIA	Steady market demand and conditions
Outputs <i>1.2.1 Establishment of the dedicated fund for FO development</i> <i>1.2.2 Developed FO 4P model</i> <i>1.2.3 4P arrangements in place</i>	Number of FOs with access to the dedicated fund	Number	0	12/ country	Annual reports	Bi-annually	NIA/ RIA	Willingness and mutual benefits to producers and companies
	Number of HHs implicated in a 4P partnership	Number	0	150,000	Annual reports	Annually	NIA/ RIA	
Component 2: Policy engagement Outcome 2 <i>An improved policy environment for equitable and sustainable smallholder development, by way of the strengthened FO network</i>	Number of policies benefitting smallholder farmers adopted at national, sub-regional and regional levels	Number	10 national; 1 sub-regional	15 national; 3 sub-regional	Baseline completion surveys	Baseline and Completion		Political stability Political and policy support for farmer organizations
	Number of institutionalized partnerships between FOs and national, sub-regional or regional bodies	Number	1	3	Baseline completion surveys	Annually	SRIA/ RIA	Pro-poor agricultural and rural development policy agendas
Outputs <i>2.1.1 Elaboration of FO strategy for policy engagement</i> <i>2.1.2 FO leaders trained in priority skills for policy mediation</i> <i>2.1.3 Accreditation of FOs in sub-regional bodies</i> <i>2.1.4 Establishment of the policy and knowledge development fund</i> <i>2.1.5 Policy briefs and papers elaborated and learning routes established</i>	% of FOs with defined policy engagement strategy	Percentage	50	80	Baseline completion surveys	Annually	NIA	
	Number of functional multi-stakeholder platforms supported	Number	12	12 ¹¹	Annual reports	Annually	NIA/ SRIA/ RIA	
	Number of (new) policy-relevant knowledge products, research and studies completed	Number	11	10 new	Annual reports	Annually	RIA	

¹⁰ Note that 4P arrangements will be a new approach introduced by APFP; this type of partnerships was not in place previously

¹¹ 5 in SEA; 4 in SA; 3 in the Pacific