

Document: EB 2018/LOT/G.7
Date: 1 November 2018
Distribution: Public
Original: English

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Investing in rural people

President's Report on a Proposed Grant under
the Global/Regional Grants Window to the
European Committee for Training and
Agriculture for Food Security and
Sustainability in Fragile Situations

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 17.

President's Report on a Proposed Grant under the Global/Regional Grants Window to the European Committee for Training and Agriculture for Food Security and Sustainability in Fragile Situations

I. Background and compliance with IFAD Policy on Grant Financing

1. Yemen, with a population of 28.3 million people, and Somalia, with a population of 14.7 million,¹ have experienced several years of protracted conflict, which, together with the drastic effects of climate change, have contributed to their current states of extreme fragility.
2. After more than three years of escalating conflict, Yemen continues to face an unprecedented humanitarian, social and economic crisis. Approximately 75 per cent of its population requires humanitarian assistance. An estimated 17.8 million people are food insecure and 8.4 million are severely food insecure and at risk of famine. The economy has been badly hit by the prolonged conflict, depriving millions of their livelihoods and driving the poverty level to over 80 per cent. While some development agencies have remained active, others are resuming activities after the suspension of their portfolios.
3. In 2012, a government was elected in Somalia to replace the Transitional Federal Government formed in 2004. The new Government has pledged to deliver a peaceful political transformation. However, protracted unrest and civil strife between Federal Government forces and actors that do not recognize the internationally backed Government continue across the country. Somalia's fragility is compounded by its vulnerability to natural disasters. A drought in 2016 and 2017 was followed by floods in 2018 in some regions, creating significant humanitarian needs. Economic activity is recovering slowly from the 2016-2017 drought, aided by favourable rains and continued strong remittance inflows. The international community continues to support the Federal Government in order to accelerate inclusive and sustainable economic recovery, and solidify stability, peace and state building.
4. Although IFAD has historically supported programmes in both Somalia and Yemen, these portfolios were disrupted due to conflict and fragility. In Somalia, the Government went into arrears in the early 1990s following the collapse of the state (current arrears stand at about US\$23.8 million). Despite a difficult economic and political environment however, the Federal Government is on track to benefit from debt relief under the Heavily Indebted Poor Country Initiative once benchmarks established by the International Monetary Fund (IMF) have been met. IFAD is closely monitoring these developments. Due to the ongoing conflict in Yemen, IFAD's portfolio is currently suspended; however, the Fund is planning to re-engage through the performance-based allocation system during the Eleventh Replenishment of IFAD's Resources (IFAD11). This grant-funded programme will pilot activities that can be integrated and scaled up in the project to be designed

¹ The World Bank. <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=ME>.

during IFAD11 in Yemen, forming a critical part of IFAD's re-engagement plan. Priorities are based on the previous Rural Growth Programme (2013).

5. Both countries have common features that can be addressed through a joint programme. These include: (i) vulnerable socio, economic and climatic contexts, including water scarcity and vulnerability to drought; (ii) extreme fragility and conflict (both are on IFAD's list of countries with most fragile situations and scored within the bottom three countries in terms of state fragility on the 2018 Fund for Peace's Fragile States Index); and (iii) agro-geographical proximity.
6. The Food Security and Sustainability in Fragile Situations programme is an important opportunity for IFAD to lay the foundation for re-engaging in Yemen and expand its presence in Somalia. Its design is aligned with: IFAD Strategy for Engagement in Countries with Fragile Situations; the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS); and key IFAD11 commitments, including commitment 3.6, action 35 to develop a special programme in fragile situations. It is also aligned with action 24 to develop an enhanced climate and environment strategy action plan (with pathways to address climate challenges in extreme fragility, possibly feeding into the plan), and action 23 to increase the share of projects that are nutrition sensitive. In addition, the proposed programme will contribute to enhancing smallholder farmers' productivity. Cofinancing will be provided by the Italian Agency for Cooperation and Development (AICS) aimed at scaling up IFAD-supported activities in Somalia.
7. In line with the goal and objectives of IFAD's Policy for Grant Financing (2015),² the proposed programme aims to: (i) promote innovative, pro-poor approaches and technologies in Somalia and Yemen with the potential to be scaled up for greater impact; (ii) strengthen the institutional and policy capacities of government staff; and (iii) generate and share knowledge for development impact in similar country contexts. Its goal is to sustainably improve food security, nutrition and livelihoods, and build resilience among vulnerable households and their communities. This directly contributes to the overall goal of IFAD's Policy for Grant Financing, to 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. The programme is also in line with the associated 2018 priority area on agricultural research for development to sustainably increase production and productivity for food security, nutrition and income generation.

II. The proposed programme

8. Programme goal and development objective. The overall goal of the programme is to sustainably improve food security, nutrition and livelihoods, and build resilience among vulnerable households and their communities. Its development objective is to increase targeted households' income through improved agricultural production, with a focus on selected crops (e.g. date palm) and livestock productivity.
9. Target group. The target group will comprise 11,270 households – 8,000 households in Somalia and 3,270³ in Yemen. The programme will specifically target traditionally marginalized groups such as: women and girls (comprising at least 30 per cent of the total targeted beneficiaries); and young men 15-25 years affected by poverty, social exclusion, unemployment and displacement (at least 10 per cent will be internally displaced people).
10. Programme area. The target groups will be located in 20 oases within Puntland in the Bari region of Somalia (including the Bosaso, Qandala, Iskushuban, Aluula, Bargal and Ufeyn districts, and Qardho town), as well as in the Nugaal region

² See EB 2015/114/R.2/Rev.1.

³ Based on previous IFAD experience in Yemen and the cost per beneficiary of these activities.

(Garowe town). In Yemen, beneficiaries will be targeted within Aldhale, Dhamar, Hudaida, Lahaj and Taiz governorates.⁴

11. Programme components. The programme will be implemented over four years and will have the following components and sub-components:
 - (a) Water and climate-smart technologies
 - (b) Sustainable agriculture and livestock
 - (c) Capitalization of knowledge and capacity development

III. Expected outcomes and outputs

12. The programme is expected to have the following outcomes:
 - (a) Water infrastructures are rehabilitated and properly managed, and climate-smart technologies are adopted.
 - (i) Irrigation schemes are rehabilitated.
 - (ii) Water users and management committees are trained.
 - (iii) Climate-smart technologies are introduced to targeted smallholders.
 - (iv) Renewable water sources are exploited.
 - (b) The production of selected crops is sustainably increased in both countries and processing and marketing of selected crops (e.g. palm date) is sustainably improved in Puntland.
 - (i) Targeted smallholders are trained to increase their crop management skills.
 - (ii) Smallholders are introduced to conservation agricultural techniques.
 - (iii) The palm date value chain is supported.
 - (c) Range and small ruminant productivity is increased in targeted areas within Puntland.
 - (i) Degraded rangelands are rehabilitated
 - (ii) Livestock production is supported.

IV. Implementation arrangements

13. The grant recipient is the European Committee for Training and Agriculture (CEFA), an NGO with a long and recognized track record of interventions in fragile countries, especially within the agricultural sector in Puntland. CEFA is a key implementing partner for IFAD's ongoing operations in Somalia and for AICS. As highlighted during the Operational Strategy and Policy Guidance Committee review, the concept note and proposal were developed by CEFA in collaboration with IFAD's Near East, North Africa and Europe Division and AICS; financing from AICS was also mobilized through CEFA's proposal. The cofinancing and participation of CEFA in this programme are key to IFAD's deeper engagement with AICS and the federal and regional ministries in these countries.
14. Implementation of the livestock sub-component will be carried out by Veterinarians without Borders – Germany (VSF-G), an NGO with 20 years of experience in implementing programmes in pastoral areas in Africa, including Somalia. CEFA and VSF-G will sign a sub-grantee agreement, upon receiving notice of IFAD's no objection. Other NGOs including the Regional Programme for Rural Development Training, the Somali Disaster Risk Institute and AgriTechTalk Africa will support the implementation of specific activities as service providers. In Yemen, CEFA will work

⁴ To be confirmed during the inception phase.

with either the Food and Agriculture Organization of the United Nations or the World Food Programme, which have ongoing programmes in these areas. During the inception phase, IFAD and CEFA will identify the suitable Rome-based agency to work with and will define the details regarding the flow of funds. A memorandum of understanding between CEFA and the identified Rome-based agency will be developed and endorsed by IFAD.

15. There are no deviations from IFAD's standard procedures for financial reporting and audits.

V. Indicative programme costs and financing

16. The total programme cost is estimated at EUR 5.73 million for four years, including: an IFAD grant of EUR 2.59 million (equivalent to US\$3 million);⁵ cofinancing from AICS of EUR 2.96 million⁶ (the total amount from AICS is EUR 3.25 million including IFAD's management fee of EUR 300,000); and EUR 0.18 million in cash and in-kind and cofinancing from CEFA. Funds from AICS will be channelled to IFAD through FARMS in the form of a supplementary grant. A separate concept note has already been prepared and approved by AICS. Whereas activities to be supported in Yemen will be covered under the IFAD grant, AICS will only finance activities in Somalia.

Table 1
Costs by component and financier
(Thousands of euros)

<i>Components</i>	<i>IFAD</i>	<i>AICS</i>	<i>CEFA in-kind</i>	<i>CEFA cash</i>	<i>Total</i>
1. Water and climate-smart technologies	544	1 362	-	-	1 906
2. Sustainable agriculture and livestock					
2.1 Sustainable agriculture	511	581	-	-	1 092
2.2 Livestock	263	581	-	-	844
3. Capitalization of knowledge and capacity development	883	-	-	-	883
4. Overhead and project management	390	436	16	167	1 009
Total	2 591	2 960	16	167	5 734

Table 2
Costs by expenditure category and financier
(Thousands of euros)

<i>Expenditure category</i>	<i>IFAD</i>	<i>AICS^a</i>	<i>CEFA in-kind</i>	<i>CEFA cash</i>	<i>Total</i>
1. Consultancies	592	259	-	-	851
2. Equipment and materials (including vehicles, goods and services)	219	366	-	-	585
3. Salaries and operating costs ^b	676	1 055	16	155	1 902
4. Workshops and training ^c	567	222	-	12	801
5. Works	310	820	-	-	1 130
6. Sub-grants	35	56	-	-	91
7. Indirect costs	192	182	-	-	374
Total	2 591	2 960	16	167	5 734

^a The AICS total contribution does not include EUR 300,000 in IFAD management fees.

^b Includes allowances and travel for staff.

^c Includes travel for training, workshops and events.

⁵ The IFAD grant will be denominated in euros, consistent with the currency of the grant provided by AICS, in order to facilitate programme accounting. The exchange rate of US\$1.15 to EUR 1 was used – the official IMF rate as of 27 September 2018 (the last working day of the month before the programme's submission to the Board).

⁶ The supplementary grant agreement between AICS and IFAD has been drafted; AICS is currently reviewing it.

VI. Recommendation

17. 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 Food Security and Sustainability in Fragile Situations programme, shall provide a grant of two million five hundred and ninety-one thousand euros (EUR 2,591,000) to the European Committee for Training and Agriculture for a four-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 ⁷				Means of Verification			Assumptions
	Name	Unit	Base-line ⁸	End Target	Source ⁹	Frequency	Respo-nsibility	
Outreach	Number of households receiving services promoted or supported by the project ¹⁰	Total	0	11,270	M&E system/ Partners reports	Monthly	M&E officer	
	Estimated corresponding number of total household members	Total	0	67,620				
Goal:: To sustainably improve food security, nutrition and livelihoods and to build resilience among vulnerable households and their communities	Percentage increase in number of households reporting having 3 meals a day over baseline	%	TBD	30%	Baseline and completion surveys	Baseline and Completion	PMU	Political stability Adoption of integrated and cross-sector policies and approaches to sustainable land management Implementation of Government strategy for poverty alleviation as well as environmental strategies continues
	Households with improvement in coping strategies to shocks	%	0	10%				
Development Objective: To increase targeted HHs' income through improved agricultural focusing on dates, and livestock productivity	Percentage increase in targeted smallholders' income	%	TBD	30%	Baseline and completion surveys	Baseline and Completion	PMU	Commitment of Government to farm land and water management. Contingency planning and environmental early warning systems streamlined in policy. Women will receive proportionate benefits from the Programme.
	Percentage of households reporting an increase in production	%	TBD	30%				
Outcome 1 Water Infrastructures are rehabilitated as well as properly managed, and climate-smart technologies are adopted	Households with improved access to water	Number	0	3,500	M&E system	Annually	M&E officer	Beneficiaries willingness to participate and contribute Climate change remains within the current forecasts Beneficiaries are willing to adopt new technologies
	Incremental increase of land under irrigation	%	TBD	30%	Baseline / completion surveys	Baseline and Completion	PMU	
	Percentage of households reporting adoption of environmentally sustainable and climate resilient technologies and practices	%	0	80%	M&E system, field surveys	Annually	M&E officer	

⁷ Data for all household related indicators to be disaggregated by poverty status, age and gender of household head.

⁸ Baseline figures to be updated based on the baseline survey

⁹ Additional external sources of data to verify performance will be identified and used wherever possible..

¹⁰ At least 10% of HHs are IDPs

Results Hierarchy	Indicators ⁷				Means of Verification			Assumptions
	Name	Unit	Base-line ⁸	End Target	Source ⁹	Frequency	Responsibility	
Outputs 1.1 Irrigation schemes are rehabilitated. 1.2 Water users and management committees are trained 1.3 Climate-smart technologies are introduced to targeted smallholders 1.4 Renewable water sources are constructed	Number of hectares of farmland under water related infrastructure rehabilitated	Ha	0	1,400	Contractor reports	Annually	PMU	
	People trained in water infrastructure O&M	Total	0	400	Training reports	Quarterly	PMU	
		Men	0	280				
		Women	0	120				
	Solar-powered drip irrigation system kits distributed	Number	0	30	Component report	Quarterly	PMU	
Sub-surface and/or sand-dams rehabilitated for water supply	Number	0	30					
Outcome 2.1 The production of selected crops is increased and processing and marketing of palm dates in Somalia and vegetables in Yemen is sustainably improved.	Percentages of households reporting adoption of new /improved inputs, technologies, or practices	%	0	80%	Baseline and completion surveys	Baseline and Completion	PMU	Value chain actors are willing to cooperate and work together
	Percentage increase in the volume of palm dates and vegetables marketed	%	0	30%				
Outputs 2.1 Targeted smallholders are trained to increase their crop management skills 2.1.2 Smallholders are introduced to conservation agricultural techniques. 2.1.3 Palm dates value chain supported	Number of persons trained in production practices and/or technologies	Total	0	4,000	Training reports	Quarterly	PMU	
		Men	0	2,800				
		Women	0	1,200				
	Date marketing strategy to match production and market potential developed	Strategy	0	1	Study report	Annually	PMU	
	Number of persons trained in income-generating activities or business management	Total	0	3,000	Training reports	Quarterly	PMU	
		Men	0	2,100				
		Women	0	900				
Outcome 2.2: Range and small ruminant productivity is increased in Puntland targeted areas.	Percentages of households reporting adoption of new/ improved inputs, technologies, or practices	%	0	80%	Baseline/ completion surveys	Baseline and Completion	PMU	Political stability Security and conflict measures mitigation are successfully in place.
Outputs 2.2.1 Degraded range-lands are rehabilitated 2.2.2 Livestock production is supported through improved livestock genetic and new livestock technology packages	Number of hectares of rangeland rehabilitated	Ha	0	9,000	Component reports	Annually	PMU	
	Number of persons trained in production practices and/or technologies	livestock-Total	0	2,500	Training reports	Quarterly	PMU	
		Men	0	1,750				
		Women	0	750				