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Investing in rural people

President's report

Proposed global/regional grant

Stichting Agribusiness Market Ecosystems Alliance

Transforming Systems for Professionalizing Farmers and Farmers' Organizations in Developing Countries

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 20.

I. Background and compliance with IFAD Policy for Grant Financing

1. The Stichting Agribusiness Market Ecosystem Alliance (AMEA) is a global network currently bringing together 26 members from the agribusiness sector for a common purpose: the professionalization of farmers' organizations. The majority of its members are technical support agencies with whom IFAD has long had its own partnerships, such as the National Cooperative Business Association of the Cooperative League of the United States of America (NCBA CLUSA), TechnoServe, Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) and the Uganda Cooperative Alliance. AMEA also has private sector members such as Cargill Cocoa & Chocolate, the International Finance Corporation (IFC) and the Aspen Network of Development Entrepreneurs, which link it to the impact investment world. AMEA's rapid growth attests to the existence of many organizations that are keen to work together to support the professionalization of farmers' organizations. Organizations pay EUR 10,000 per year for global membership and EUR 2,000 yearly for local membership, which enables AMEA to fund its core costs.
2. AMEA seeks to address the fragmented, expensive and unsustainable way in which projects currently support farmers and their organizations. Its aim is to develop a system that accelerates the professionalization of farmer organizations, incentivizes service quality improvement, and drives down costs for service provision. To achieve this, AMEA supports the development of sustainable, high-quality, local technical assistance services that meet the needs of farmers' organizations wishing to access capital and new markets.
3. The proposed programme is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015).¹ It is also strongly aligned with the IFAD Strategic Framework 2016-2025, which highlights rural producers' organizations as one of the areas of thematic focus for IFAD, and indicates that it will "intensify its assistance to rural institutions and producer organizations."

II. The proposed programme

4. The overall goal of the programme is to contribute to the Global Action Plan for the Decade of Family Farming, and specifically, its pillar 4 "Strengthen family farmers' organizations and their capacities to generate knowledge, represent farmers' concerns and provide inclusive services in the urban-rural continuum."
5. The objective is to achieve a significant increase in the number of professional farmers' organizations that deliver improved, sustainable returns for their members.
6. The target group will be composed of smallholder farmers in the four countries with existing AMEA networks (Cote d'Ivoire, Ethiopia, Kenya and Uganda) and three other countries (to be selected, in Latin America and South-East Asia) where new local networks will be developed. The total number of direct beneficiaries is conservatively estimated at a minimum of 100,000. These smallholder farmers are expected to receive demand-led, higher-quality services that enable them to progress much more quickly towards professionalism and have better access to

¹ See EB 2015/114/R.2/Rev.1.

market opportunities and financial services. In addition, and critically, this will build an environment that encourages farmers to expect more from their organizations.

7. AMEA targets system change within the business development services sector; therefore, the indirect beneficiaries are the millions of smallholder farmers in the seven countries targeted, as well as the agribusiness actors in the market/business landscape.
8. The programme will be implemented over three years and will have the following components: (1) sustainable ecosystems for business development services; (2) expansion of agribusiness financing to professional farmers' organizations; (3) establishment and strengthening of member-driven local networks; and (4) programme management.

III. Expected outcomes/outputs

9. The programme is expected to achieve the following outcomes: (1) sustainable ecosystems of business development services that accelerate the professionalization of farmers and their organizations; (2) professional farmers' organizations able to obtain financing from agribusiness financiers; and (3) vibrant member-driven local networks in seven countries.
10. The outputs in support of outcome 1 are: (i) promotional events for global guidelines (International Workshop Agreement 29) rolled out in seven countries; (ii) AMEA toolkit and guide used and promoted in seven countries; and (iii) development and promotion of hubs of business development service providers in seven countries.
11. The outputs in support of outcome 2 are: (i) networking events between AMEA members and financiers conducted; (ii) mapping/analysis report of agrifinance initiatives prepared in seven countries; and (iii) referral mechanisms between AMEA projects and financiers established.
12. The outputs in support of outcome 3 are: (i) three local networks established and four strengthened; (ii) local network strategy developed and member outreach expanded; and (iii) global network support system strengthened.
13. The programme is also expected to leverage important opportunities for promoting farmers' organization professionalization in IFAD-supported projects, starting in the four current local network countries. The programme will assist AMEA members in identifying credible farmers' organizations requiring finance and/or technical assistance and link them to the Agribusiness Capital Fund and other interested financiers.

IV. Implementation arrangements

14. Programme implementation will be carried out by AMEA. Under the programme, the AMEA board of directors will ensure good governance, provide strategic direction and approve the annual budget. The global network director, who will report directly to the board chair, will be responsible for overall programme management. He/she will lead the small global coordination office (GCO) – effectively the network's secretariat – and the core team, which includes the leads of the five existing member-led working groups and the four local networks (planned to increase to seven). Three regional network coordinators will be appointed to accelerate development and implementation of initiatives by the local networks. The network director will be responsible for approving all local network annual workplans and ensuring that the local networks are accountable for the resources that they receive. The local networks will be governed by a memorandum of understanding between AMEA and the AMEA member, which takes the local network lead role. The AMEA GCO, working group leads and local network leads will be the key facilitators enabling members to engage with each other. This will be done through

2-3 monthly meetings and biannual global convenings, as well as networking software to enable more dynamic exchange of ideas.

15. The monitoring and evaluation system will serve to assess and report on progress against the indicators in the logical framework, drawing on data generated principally by the local networks. The global network director will oversee this system, analysing the data, assessing performance against the targets, and using the data to inform reflection and planning processes and feed into AMEA's knowledge management system. The structure of the network is designed to promote a knowledge management agenda that draws on the knowledge and experience of AMEA's members, and a specific set of tools for this have already been defined, focusing on processes as well as outputs and outcomes.
16. IFAD will oversee implementation via its supervisory activities. These will ensure that implementation, and the further evolution of AMEA, incorporate the relevant lessons learned and engagement modalities with farmers' organizations that have proved successful in IFAD's engagement in this sector.
17. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative programme costs and financing

18. The total programme cost for the three-year period (2020-2022) amounts to US\$2.93 million. The bulk of this (62 per cent, or US\$1.81 million) will be allocated to component 1 (sustainable ecosystems for business development services).
19. The programme will be cofinanced by IFAD, which will contribute US\$2.00 million; AMEA – through its membership – US\$0.74 million; and IFC an additional US\$0.20 million. AMEA will therefore continue to fund 80 per cent of global network coordination staff costs and 100 per cent of GCO office/administrative costs. IFAD's funds thus generate significant leverage and are primarily directed at achieving the development outcomes, as evidenced by the low level of programme management cost (10 per cent).

Table 1

Costs by component and financier

(Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>AMEA</i>	<i>IFC</i>	<i>Total</i>
1. Sustainable ecosystems for business development services	1 370	239	200	1 809
2. Expansion of agribusiness financing to professional farmers' organizations	401	126	-	527
3. Establishment and strengthening of member-driven local networks	114	201	-	315
4. Programme management	115	169	-	284
Total	2 000	735	200	2 935

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>AMEA</i>	<i>IFC</i>	<i>Total</i>
1. Salaries and related expenditure	606	590	0	1 196
2. Consultancies	215	15	0	230
3. Subgrants	990	-	200	1 190
4. Equipment and materials, goods, services and inputs	43	96	-	139
5. Travel and related allowances	146	34	-	180
Total	2 000	735	200	2 935

VI. Recommendation

20. 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 Transforming Systems for Professionalizing Farmers and Farmers' Organizations in Developing Countries, shall provide a grant of two million United States dollars (US\$2,000,000) to the Stichting Agribusiness Market Ecosystems Alliance for a three-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. Houngbo
President

Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Contribution to the Global Action Plan for the Decade of Family Farming, and its Pillar 4 "Strengthen family farmers' organizations and capacities to generate knowledge, represent farmers and provide inclusive services in the urban-rural continuum".	# of countries with strengthened organisations of family farmers (GAP 4.1.2) # of FOs with increased technical and service provision capacities (4.1.3)	Contribution analysis (as part of end of programme evaluation)	
Objective	A significant increase in the number of professional farmer organizations that deliver improved, sustainable returns for their members.	# Farmer Organizations that are assessed as Professional % increase in income of Farmer Organizations (proxy for member income increases)	AMEA Member reports	No major environmental or political crisis Sufficient investment in inclusive agribusiness
Outcomes/ outputs	Outcome 1: Sustainable eco-systems of business development services that accelerate the professionalization of farmers and their organizations	# farmers reached by "AMEA" projects/ initiatives # of BDS contracted through the Hubs	AMEA mapping report BDS Hub reports	Commitment of policy makers to change. BDS will cooperate with the Hub system
	Outputs: 1.1 Promotional events for Global Guidelines (IWA29) rolled out in seven countries 1.2 AMEA Toolkit and Guide revised and promoted in seven countries 1.3 development and promotion of hubs of BDS providers in seven countries	# events/meetings to promote IWA 29 AMEA Toolkit (revised) AMEA Toolkit Guide (revised) # events/meetings to promote AMEA tools # of BDS Provider Hubs # of events/meetings to promote AMEA Hubs	Event/meeting reports Approved Toolkit Approved Toolkit Guide Event/meeting reports BDS Hub Reports Event/meeting reports	AMEA members commit at both global and local levels to the processes
	Outcome 2: Professional farmer organizations able to obtain financing from agribusiness financiers	USD financing (per annum) No. of FOs obtaining additional or new financing	Financier reports AMEA member reports	Financiers are open to collaboration
	Outputs: 2.1 Networking events between AMEA members and financiers conducted 2.2 Mapping/analysis reports of agrifinance initiatives prepared for seven countries 2.3 Referral mechanisms between AMEA projects and financiers established	# of events # Mapping reports # of referral mechanisms	Event reports Local Network reports Signed MOUs	AMEA members commit at both global and local levels to the processes
	Outcome 3: Vibrant member-driven local networks in seven countries	Network connectivity Network participation	Social Network Analysis Network participant survey	Coordinators have the skills to facilitate the networks

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
				Members prioritise time for AMEA activities
Outputs	Outputs 3.1 Three local networks established and four strengthened 3.2 Local network strategy developed and member outreach expanded 3.3 Global Network support system is strengthened	# of local networks # of Coordinators # of members # of meetings/events Revised AMEA Framework Revised Governance Framework and Policies	Set-up reports Coordinator recruitment Membership records Minutes/reports Framework documents Peer reviews / case studies Board and Core Team approved documents	AMEA members commit at both global and local levels to the processes