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RURAL POVERTY AND IFAD

Issue 2 February 2006

Update

Anita Kelles-Viitanen joined IFAD in February 2005 as policy coordinator for the Initiative for Mainstreaming Innovation (IMI), a three-year programme established in 2004 to enhance IFAD's capacity to promote innovations that reduce rural poverty. She shares her thoughts on what it takes to create a culture conducive to innovation.



A women's group in Andhra Pradesh, India, explores innovative ways of pooling resources that can then be distributed as loans.

Innovation is a new practice that improves on current practice or responds to new opportunities and challenges. For IFAD, innovation is a process that reduces rural poverty by adding value or solving a problem in a new way. It could be a new way for poor people to manage their assets, a new method of influencing policy, or a new technique for communicating with partners.

Innovation comes in many forms. Sometimes it's a radical change. More often it's incremental, made of small improvements that together make a difference in people's lives.

Innovation is not the same as creativity. Creativity is the first step. You may have 100 ideas, but only one or two may be functional and provide benefits to the user. Being innovative requires creativity, but not all creative people are innovators.

Setting the stage

Innovation flourishes in a friendly environment. When staff members feel appreciated and respected, they feel safe enough to explore innovation.

Creating a culture for innovation

Every organization has innovators: the key is creating an atmosphere where innovation can thrive

Innovators often "fail forward". It is like children learning to walk who fall down every now and then. To be an innovator you must be willing to fail before getting it right. According to Harvard Business School professor David Garvin, "The knowledge gained from failures is often instrumental in achieving subsequent successes."

It is essential to encourage open debate, where views from people of different cultural backgrounds, genders and ages are respected, and where blaming and shaming are discouraged. Some people worry that open debate disrupts organizational harmony. But dissenters can stimulate creativity. They force us to examine our positions, search for more information and consider alternatives. There is one caveat – criticisms should be constructive, and directed at issues, not at people.

The present knowledge era and economy require organizations that are more democratic. Hierarchical organizations have become outdated because they constrain the ability of individuals and institutions to innovate. All staff should be encouraged to innovate – not just a few managers or professionals.

Prepared minds, innovative minds

One of the basic building blocks of innovation is learning. There is a saying that innovation only comes to prepared minds. But anyone can become prepared. We must have a passion for enquiry and for learning as much as we can about our work. We must know what is happening in our projects, read the literature, find out about the activities of development partners and talk to poor people themselves.

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Just released



Julio Cortez and his wife Ana built this home in Tronalagua, El Salvador, thanks to remittances.

Remittances: spreading the benefits

A new IFAD documentary examines why banks, governments and development agencies are interested in the flow of remittances

For generations, economic migrants around the world have left home seeking better wages. Today the money they send home totals an estimated US\$200 billion a year. In Latin America, remittances are worth more than foreign direct investment, official development assistance and foreign aid combined. What is the potential for remittances to reduce rural poverty?

The documentary film, "Cash flow fever", considers this question through the eyes of the Cortez family. Three of the children have migrated from El Salvador to work in the United States, and now send remittances to support their parents and siblings. Co-produced by IFAD and the Television Trust for the Environment, the film was broadcast on BBC World's documentary series "Life".

Ana and Julio Cortez live in Tronalagua, a poor rural area in El Salvador. Their home is equipped with a kitchen, telephone and television, made possible by the US\$200 a month they receive in remittances. "Before the children left our house we had a dirt floor," says Ana. "With remittances we built this one."

But migration is not easy. Migrants face a host of problems, including low wages and lack of worker rights. And migration separates families.

"You have communities that are divided and mothers who have to leave their children behind, fathers who leave their children, their wives," says Rosemary Vargas-Lundius, IFAD's country programme manager for El Salvador and other countries in Latin America and the Caribbean.

Still, remittances provide significant financial support for poor communities. The

continued from page 1

Creating a culture for innovation

Innovation should not come from our heads alone, but from a participatory process. It is about being so informed of the realities and constraints on the ground that when we see or hear something new, we know it is innovative.

Innovation requires deep learning. This type of critical thinking helps us to compare previous knowledge with new knowledge, examine things from different angles, relate theoretical ideas to the everyday experience of poor people (and vice versa) and develop a new understanding of the socio-economic and political realities of today's world.

Being open to change

Sometimes cultural norms discourage innovation. Staff members may pick up on signals that dampen innovation – anything from laughing at those who suggest new approaches to not sharing information. Often, people are not aware they have

been seducing one another into abiding by such counter-productive rules.

All companies and institutions have a minority of people who are radical innovators. The key is not only to hire these people, but to retain them by providing a supportive environment where they can thrive. When innovators are not given the respect and authority they need to pursue their vision, they may take their ideas elsewhere. Meanwhile, incremental innovators also need to be promoted and supported.

Putting innovation into practice

New ideas need to be applied in such a way that they fit with an institution's values, norms and past experiences. They also need to be easily adoptable without requiring excessive resources. Above all, they must respond to the problems of rural poor people.

Because radical innovations can be risky, their feasibility must first be tested

through experimentation. Pilot projects and trials help confirm whether new ideas are truly innovative.

What if no one knows?

Innovation is already happening. The problem is knowledge evaporation. New things are tried, some of them work, but then they stay in the heads of people in the field. We need instruments at the corporate level for collecting ideas and then promoting them.

Because innovation is context-specific, the best way to communicate about it is through stories. Sometimes this happens informally, when staff members and consultants share stories while on mission or at conferences. But if we want to use these stories back at headquarters, we need rigorous documentation with visual and written details to explain the original constraints and the new practice, and how this benefits the people involved.

Innovation is the theme of the Twenty-Ninth Session of IFAD's Governing Council, 15-16 February 2006.

From the President

Government of El Salvador works with international development organizations like IFAD to encourage those who receive remittances to use that money more productively.

With assistance from IFAD, for instance, an agronomist advised Ana and Julio on how to invest in their farm. Instead of growing just enough maize and beans to feed themselves, they are creating a business growing fruit trees and rearing animals.

IFAD is also encouraging banks, credit unions and microfinance institutions to take an interest in remittances.

"One of the causes of poverty is the lack of access to wealth generation," says Manuel Orozco of Inter-American Dialogue, a Washington-based NGO specializing in development policy. "You don't generate wealth just through employment, but through asset building, through credit."

Remittances are not a substitute for foreign assistance or sound economic policies at home. They are private resources that belong to the people who send and receive them. IFAD can help families and communities to make the most of these resources.

For information on upcoming broadcasts or on how to obtain a copy of the film, contact video@ifad.org ■

IFAD video productions:
<http://www.ifad.org/media/video/index.htm>

Interview with Rosemary Vargas-Lundius:
<http://www.ifad.org/media/video/interview/remittances/>

Lastly, innovation is a process, not just an output. It involves continuous learning. Time out is as important as time in. If we have a problem, our brains continue to search for the solution even while we are doing other things. So, like the Greek mathematician Archimedes who made one of his most important discoveries about weight and volume while sitting in a bathtub, we may cry "Eureka!" when we least expect it. ■

IFAD and IMI

During the preparatory phase of the IMI, IFAD launched eight IMI-funded projects. A main phase is now underway, extending support to some of the preparatory projects, and launching several new ones. IMI is financed by the United Kingdom's complementary contribution of US\$10 million to the Sixth Replenishment, as well as IFAD's own resources.

IFAD's framework document on innovation:
<http://www.ifad.org/gbdocs/eb/83/e/EB-2004-83-R-2.pdf>



IFAD commemorates the International Year of Deserts and Desertification 2006 by increasing awareness of the links between land degradation and poverty

Poverty and desertification are closely linked. Poverty pushes people onto fragile lands, where they must often take desperate measures to survive.

The resulting deforestation, overgrazing and poor irrigation can lead to land degradation. Stripped of its fertility, degraded land no longer supports people and communities, thus feeding the vicious cycle of poverty. Today, more than 100 million people worldwide risk forced migration due to desertification and land degradation.

The United Nations General Assembly designated IFAD as a focal point for the observance of the International Year of Deserts and Desertification 2006, along with the Executive Secretary of the UN Convention to Combat Desertification (UNCCD), the United Nations Development Programme and the United Nations Environment Programme.

We were pleased to accept this responsibility because we know that land degradation is a critical issue to rural poor people who depend on agriculture and related activities for their livelihoods and a major obstacle to achieving the Millennium Development Goals.

IFAD is committed to investing in the world's arid, semi-arid and dry sub-humid zones, which are prone to land degradation. Over the past 25 years, we have committed over US\$3.5 billion to support dryland development and combat land degradation throughout the world. Today, about 70 per cent of our programmes and projects are located in ecologically fragile, marginal environments.

Recently we reviewed our portfolio to see how our activities were contributing to implementation of the UNCCD. Using a set of parameters known as the Rio markers, we measured how IFAD programmes and projects were helping to meet the objectives of three conventions adopted at the 2002 Rio Summit. Between 2002 and 2004, the share of IFAD projects related to the UNCCD increased from 34 to 55 per cent.

Our work in combating land degradation is strengthened by our close relationship with the Global Environment

Facility (GEF). As one of the GEF's executing agencies, IFAD has expanded access to GEF funding for tackling land degradation. In 2004, we created a GEF unit at IFAD to strengthen our ability to link poverty eradication with efforts to prevent land degradation.

We also fight desertification through our work with the Global Mechanism (GM), which is hosted by IFAD. The GM acts as a catalyst to mobilize resources to implement the UNCCD. IFAD is the GM's largest contributor, helping to promote programmes in 29 countries and 12 sub-regions and provide technical and financial support to other UNCCD-related initiatives.

Another important partner hosted by IFAD is the International Land Coalition, which is dedicated to improving access by rural poor people to land and other natural resources.

We support TerrAfrica, a major initiative to implement sustainable land management in sub-Saharan Africa, working with other partners to prevent land degradation in vulnerable countries. The GM, the UNCCD Secretariat and the World Bank are partners in this effort.

Raising awareness about gender and land degradation is another important aspect of our work at IFAD. In many of the world's drylands, including much of Africa, it is women who devote the most time and effort to cultivating and managing land. We ensure women gain a stronger voice so they can take part in making decisions about how land and other natural resources are managed.

Land degradation and desertification harm rural poor people most of all. As the UN agency dedicated to reducing rural poverty, IFAD can make a difference to rural communities by promoting sustainable land management techniques that reverse desertification. The International Year of Deserts and Desertification provides us with a unique opportunity to raise awareness about land degradation and to help protect the fragile beauty and unique heritage of the world's deserts.

Lennart Båge



Teaming up on agrarian reform

From Bolivia to Zambia, IFAD and the International Land Coalition are making progress in improving access to land

The International Land Coalition ended its Global Assembly in Santa Cruz, Bolivia, in March 2005 with a declaration on collective action for agrarian reform. The declaration is an important indicator of progress towards achievement of the strategic objectives set at the previous assembly in Rome in 2003. The declaration signals the growing solidarity and joint efforts of all members of the Land Coalition.

Representatives of more than 80 grass-roots groups, intergovernmental organizations and government representatives from 30 countries renewed their commitment to empower rural poor people through land reform and other measures.

“Secure access to land and related assets is key to reducing poverty and that can only be done by joining together with all partners,” said Jim Carruthers, Assistant President of IFAD’s Programme Management Department. “Through our partnership with the Land Coalition, IFAD participates in dialogue with a broad range of civil society groups, governments and other intergovernmental organizations.”

Since its founding in 1995, the Land Coalition has provided opportunities for diverse partners from civil society, intergovernmental and governmental organizations to participate in dialogue on issues of land reform. Together, they help amplify the voices of rural poor people, and ensure that they participate in decision-making that will improve their access to and productive use of land, water and other essential assets to increase

“Setting up a land fund doesn’t guarantee success.”

Bruce Moore, Director of the International Land Coalition

their incomes and overall living standards. The Land Coalition benefits from being located at IFAD and from the opportunity this provides for working together.

In Zambia in 2004, support from the Land Coalition and IFAD helped partner organizations to ensure that the views of poor and marginalized communities were considered in the review of a national land

An NGO in Ecuador worked with the Government to ensure rural poor people could benefit from land funds to purchase land.

reform policy. Over nine months, the NGO Zambia Land Alliance visited rural communities, using television and radio documentaries, booklets and a website to raise awareness about land issues and collect the opinions of village members. This work was made possible by the Land Coalition’s Community Empowerment Facility (CEF), which funds innovative approaches to strengthening the capacity of civil society organizations. The CEF receives support from IFAD, the World Bank and other donors.

The Land Coalition and IFAD also share lessons learned with partners and the development community. In 2004, they published *The Cost of Land*, a case study on the use of land funds, which support land redistribution by providing credit to people to purchase land.

“Setting up a land fund doesn’t guarantee success,” says Bruce Moore, Director of the International Land Coalition. “Many land funds have failed, for instance, because they caused land prices to rise, adding to the debt and not to the income of poor households. We documented a positive experience in Ecuador to see which elements contributed to success.”

The case study examines the efforts of an NGO in Ecuador, the Fondo Ecuatoriano Populorum Progressio (FEPP). With support from the Land Coalition, FEPP worked with the Government to ensure that rural poor people had the technical assistance and capacity to gain land titles, negotiate fair prices, access credit and increase the profitability of their land.

As development banks and other partners consider the use of land funds, this experience may hold valuable lessons. A presentation on the FEPP experience was part of the World Bank’s Rural Week in 2005. ■



**INTERNATIONAL
LAND
COALITION**

www.landcoalition.org



New facilities for cleaning, processing and storing fish will increase income for fishers in Maldives.

Helping tsunami survivors help themselves

Rebuilding stronger livelihoods in vulnerable communities starts with listening to the aspirations of rural poor people

One month after the December 2004 tsunami claimed the lives of hundreds of thousands of people, IFAD organized an inception mission with the Government of Indonesia to Aceh, the worst-hit province. Survivors spoke of how much they had lost, but also expressed hope for the future.

"We want to go back to our village," said Ms Nurbaizi, "but we need a boat to start fishing again."

"I want a shop like before," said Ms Sanbanun. "I just need some start-up money."

Those aspirations were incorporated into a programme that was approved by last April's Executive Board, along with four others to help rural poor people rebuild their lives in India, Indonesia, Maldives and Sri Lanka. These activities will also assist communities in laying the foundation for stronger livelihoods and greater resilience to future shocks and natural disasters.

In India, the Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu will help 140,000 households in 200 coastal villages, mainly coastal fishers, farmers, women fish vendors and processors. Risk management and prevention measures include insuring fishers and making mobile phones available so they can warn their villages if a tsunami approaches again. An IFAD loan of US\$15 million was approved to finance immediate rehabilitation operations out of a total project cost of US\$68.7 million.

In Indonesia, the Aceh Recovery Programme was designed in partnership with communities, the provincial government and the Ministry of Agriculture. The six-year programme will assist in reconstructing 250 villages. Total programme costs amount to US\$36.5 million, much of which is being sought as grants from cofinanciers.

IFAD is also extending the area of the ongoing Income-Generating

Project for Marginal Farmers and Landless to the devastated provinces of Aceh and North Sumatra. About US\$3.2 million is being reallocated to rehabilitate livelihoods in seven of the hardest-hit rural districts, together with US\$2.8 million in cofinancing from the Asian Development Bank. In response to the exceptional circumstances, IFAD has adjusted the remainder of the loan from intermediate to interest-free terms.

IFAD contributed to the design of a US\$321.5 million Asian Development Bank community mobilization strategy for a tsunami project in Indonesia, using lessons it learned in the Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas in Indonesia. The programme puts local and grass-roots institutions in charge of managing community development of the recovery process, including decisions about infrastructure, agriculture and watershed management. This strategy is currently being tested in ten communities.

In Maldives, the Post-Tsunami Agricultural and Fisheries Rehabilitation Programme will replace boats for more than 8,000 fishers. It will build cleaning, processing and cold storage facilities, and improve access to markets, increasing fishers' incomes. Better seeds, tools and techniques will boost yields for 20,000 farmers, and farmers' cooperatives will be linked to a new produce market to be built in the capital city of Malé. Out of a total programme cost of US\$5 million, IFAD has approved a US\$2.1 million loan and a US\$200,000 grant, and is committed to mobilizing the remaining funds, either through cofinancing or a highly concessionary loan.

In Sri Lanka, IFAD approved two programmes. A three-year Post-Tsunami Livelihoods Support and Partnership Programme will supplement an already approved IFAD programme, repairing or building houses, fish landing sites, community centres, health clinics and roads to benefit more than 20,000 people.

The five-year Post-Tsunami Coastal Rehabilitation and Resource Management Programme will reach 50,000 households, mainly through support to artisanal fisheries, including by replacing fishing gear and introducing improved drying techniques. It will also support microenterprise development, rebuild houses and feeder roads, and replant and conserve mangroves, coral reefs and salt marshes.

“Reconstructing houses and rebuilding fishing boats are not usual IFAD activities,” says Sana Jatta, country programme manager for Maldives and Sri Lanka, “but they are prerequisites for people trying to restart their lives and livelihoods.” To provide immediate help, the Sri Lankan Government will be able to make certain expenditures against the approved loan before the programme becomes effective.

The two programmes in Sri Lanka have a combined cost of US\$38.2 million. IFAD has approved US\$16.6 million in loans and is committed to mobilizing two other loans for the same amount. The remaining costs will be cofinanced by the Sri Lankan Government, project participants and the Government of Italy.

IFAD has also mobilized more than US\$7 million from the Global Environment Facility to rehabilitate and conserve the coastal ecosystem in Sri Lanka.

IFAD had committed to mobilizing US\$100 million to fund recovery efforts. So far, it has used US\$36.8 million in loans and US\$200,000 in grants from its own resources, plus a donation of € 5 million in grants from Italian supplementary funds. If additional external funds cannot be mobilized, IFAD will cover the gap by allocating funds from next year’s programme of work and budget.

During a meeting in May, the Special Envoy for the Tsunami Recovery, former United States President Bill Clinton, offered to help find additional resources so IFAD could finance its recovery programme entirely through grants. ■



Village committees made up of men and women volunteers are reversing deforestation in south-western Niger.

Innovation regenerates forests in the Niger

Local knowledge and a new type of relationship between farmers, extension workers and researchers are yielding impressive results

In the Maradi region of southern Niger, farmers are exploring innovative ways of managing natural resources. Farmers are demonstrating these innovations to extension workers and university researchers, and together they are looking for ways to improve and replicate them.

One of the most promising innovations is the creation of village committees to manage how farmers, pastoralists and others share land, allowing forests to regenerate and encouraging a more balanced use of natural resources.

The village committees are made up of four to six men and women volunteers who raise awareness about forest regeneration, negotiate agreements between farmers and pastoralists, and guard against illegal tree felling. They also set fines for violators.

In many areas of the Sahel, poverty has caused severe deforestation as people cut down trees for fuel, building and other uses. With each year’s rains, tiny tree shoots begin to emerge from the soil, a reminder of the thousands of stumps and roots lying just below the surface. In the past, these shoots had little chance of growing to full size because animals grazed on them, farmers cleared them to plant crops or people cut down young trees for fuel.

With the committees in charge, a wide variety of woody species are growing again. The trees and shoots provide fodder for animals and wind protection for crops, increase soil fertility and supply wood for construction and fuel.

The committees receive formal recognition from village and admin-

istrative authorities, ensuring that villagers respect their decisions – including those obliging them to pay fines. More than 50 village committees are now operating in the area.

The successes of village committees were first identified during an IFAD-supported project, the ten-year Aguié Rural Development Project, which began in 1991. An evaluation had found that the project's impact on poverty reduction was constrained by a top-down approach and limited involvement by project participants. But it noted the success of village committees and other innovative ways of managing natural resources.

Between 1998 and 2003, two IFAD technical assistance grants paid for a pilot research project to document and test farmers' innovations. In addition to the village committees, farmers experimented with reintroducing a local species of palm tree, establishing village-based project evaluation teams and creating women's credit groups.

The NGO Environment and Development in the Third World worked with researchers from the University of Niamey in the Niger and the Université Catholique de Louvain in Belgium. They concluded that many of the innovations could be replicated in other rainfed agricultural areas of the Sahel.

"This partnership was unique because researchers promoted the knowledge of farmers and treated them as true partners in the search for solutions," says Chaibou Guero, coordinator of the research project.

As part of the research project, university students spent three months learning from farmers in the field. The experience enriched students' understanding while providing important lessons to be incorporated into future curricula.

"Teaching how to blend farmers' knowledge with scientific knowledge is essential if we want to respond to the true needs of farmers," says Alessandro Meschinelli, research analyst in IFAD's Technical Advisory Division.

A new project has now been approved and is expected to begin soon. The eight-year Project for the Promotion of Local Initiative for Development in Aguié is supported by IFAD and the Belgian Survival Fund (BSF). It builds on the innovations started by farmers, but uses a more participatory approach than the earlier project. BSF will focus on improving nutrition, health and sanitation.

Farmers and their knowledge will be central to the project's activities. Farmers will demonstrate their best practices and will work with extension workers, researchers and other members of the project team to see how to remove constraints and make improvements.

"It seems like a small shift, but the results can be radical," says François Lemmens, BSF Programme Manager. "Instead of project teams feeling accountable to their bosses back home, they feel accountable to the farmers themselves."

The project will also promote partnerships between farmers and service providers, NGOs and other institutions, ensuring access to technical assistance. It will bring farmers together with local officials, complementing the Government of the Niger's efforts to decentralize decision-making to the local level.

When Belgian parliamentarians visited the project area during a review mission in February 2005, they were impressed that so many farmers had volunteered for the village committees and that the number of committees was growing — a positive sign for the future success of the new project. ■

"Teaching how to blend farmers' knowledge with scientific knowledge is essential if we want to respond to the true needs of farmers."

Alessandro Meschinelli, research analyst in IFAD's Technical Advisory Division



A pepper farmer in Foa in the Niger dries his harvest. Crops grow better with trees and other vegetation nearby because they provide wind protection and fertilize soil.

University of Niamey:
http://www.dvlp.ucl.ac.be/pic_ucl_uam/#pic (in French)
 Prolinnova (NGO-led programme promoting innovation):
<http://www.prolinnova.net/Niger/index.php> (in English)

Good communication is vital to small farmers who need better access to markets and to reliable information about prices, product quality and market conditions. Can new information and communication technologies (ICTs), especially the Internet, help? The First Mile is a two-year pilot project in United Republic of Tanzania. It is supported by a grant from the Government of Switzerland and it is implemented in collaboration with the IFAD-financed Agricultural Marketing Systems Development Programme. Technical assistance is being provided by the International Support Group, an international non-profit professional association.



Juliana Raphael Kulaya has no phone or television, and she has no idea where to go for market information.

Bringing markets closer in the United Republic of Tanzania

The IFAD-supported First Mile project is using the power of communication to link farmers with markets

Juliana Raphael Kulaya, 45, lives in the village of Shirin Joro, close to Mount Kilimanjaro in the highlands in the north of the country. Her six children study and work far from home, and her husband moved away some years ago, leaving Kulaya alone to work her half hectare farm.

Kulaya is poor, but with the income earned by selling her produce at Mbuyuni market in the nearby town of Moshe, she has managed to build a modest home. Kulaya has no phone or television and says she has no time to listen to her radio. When she needs information, she has no idea where to go, and she has not seen an agricultural extensionist in years. When she goes to market, she has no information about prices and no idea where to find it, so she sells for whatever price she can get.

Close by lives Magdalena Lema, a 55-year-old school-teacher whose four children are university-educated. Lema and her husband have a 10 hectare farm where they grow

food crops and keep dairy cattle. Every member of the family owns a mobile phone and their home computer is connected to the Internet. Despite her relative wealth, Lema has a problem similar to her neighbour's – she has no idea where to go or whom to speak with to get agricultural and market information.

“I would use my mobile phone to call someone for market information,” she said, “if I knew who to call.”

Kulaya and Lema are just two of the farmers who stand to benefit from the First Mile project, now under way in several districts of the United Republic of Tanzania. The pilot project is helping small producers, processors, traders and others in the market chain communicate better, form partnerships and learn from each other. Their goal is to have greater access to market information and negotiate fairer and more collaborative market relationships.

The term “first mile” refers to bridging the connectivity gap that separates a village with no electricity and no

telephone line from the nearest online computer. It emphasizes rural communities as the starting point of connectivity, not the end point.

Linked to the Agricultural Marketing Systems Development Programme, the First Mile is tackling two challenges:

- access by rural poor people to information and knowledge and to ICTs such as mobile phones, the Internet and e-mail
- access to other key people in the market chain, including traders, processors and even consumers

As the project leader, Clive Lightfoot, says: “The project brings the communication and the marketing dimensions together. Marketing has a tight connection to immediate income and is very dependent on information: not just price information, but also market intelligence, such as information about product quality and what is coming into the market. It is very information-intensive. We’ve coupled that with the

Just back
from
mission

potential to make an income, and that is what is driving the project.”

The immediate challenge for the First Mile is to work out how small farmers can connect through intermediaries to the Internet to get market information and to communicate with other farmer groups, with groups of processors and traders, and directly with consumers as they build their own producer-to-consumer market chains.

During the first phase of the project, from May to July 2005, current access by local people to ICTs was assessed, and their interest in working together to learn about market chains was explored. Small farmers, processors and traders who attended an initial workshop, held in Arusha, United Republic of Tanzania in early June, explored together the challenges they face in marketing and realized that none of them fully appreciated the problems faced by others in the market chain. They showed a strong interest in working together and agreed that they would all gain from more cooperation along the market chain. Learning groups were formed that will eventually use technologies such as e-mail and the Internet to share information, experience and learning.

A second workshop trained 28 people in development of market chains and in how to support local learning as a way to improve market linkages. The role of these people is to respond to demand and train others locally in the same skills.

During the second phase, which ran until December 2005, some learning group members will be trained in how to use an Internet-based learning support service, called Linking Local Learners, accessible at <http://www.linklearners.net>. In part, the role of the people



Magdalena Lema has a mobile phone and Internet access, but she still lacks market information.

who have been trained will be to help ensure that the learning groups are able to use the service, either directly or through intermediaries. Assessments in 2005 and early in 2006 will determine the level of local interest in and action taken towards building market chains, forming learning groups and using ICTs to support learning.

IFAD's country programme manager for the United Republic of Tanzania, Ides de Willebois, stresses the importance of local commitment to the First Mile process. "This must be on a demand basis," de Willebois says. "If the learning groups find value in the exchange of information and knowledge and express an interest in continuing, then the project will respond. There is a change in behaviour that is needed if small farmers, processors and traders are going to form partnerships to work and learn together, rather than compete with each other, as is now the case. We hope that the First Mile will help bring about that change."

A learning and sharing initiative

Working with the Eastern and Southern Africa Division, IFAD's Communication Division is documenting, through photography, video and text, the learning and change that takes place during the life of the First Mile project.

Using a thematic approach to capture the pre-existing conditions, processes, outcomes and lessons learned throughout the project, the Communication Division will prepare project reports to support knowledge and information sharing in IFAD, and with partners such as the Government of the United Republic of Tanzania, IFAD-supported projects in the country and in other countries as appropriate, donors and others. These materials, and other information gathered during a mission to the United Republic of Tanzania in June, were used to highlight the First Mile experience at the World Summit on the Information Society in Tunis in November 2005. ■

"I would use my mobile phone to call someone for market information, if I knew who to call."

**Magdalena Lema,
Farmer, Tanzania**



The Government of Uganda is pursuing a sector-wide approach for agriculture, one way of improving the effectiveness of development aid.

Learning about sector-wide approaches

There are few SWAPs in agriculture and rural development and their impact is unclear. So why should IFAD be involved?

Sector-wide approaches (SWAPs) are nationally owned programmes to achieve growth and poverty reduction through a focus on a certain sector. IFAD's policy on sector-wide approaches for agriculture and rural development was approved by the Executive Board in April 2005. Ed Heinemann, regional economist for the Eastern and Southern Africa Division, clarifies some points.

1. What are the benefits of SWAPs?

SWAPs are an effort to improve the effectiveness of development aid. Instead of supporting individual projects, donors and lenders collectively contribute to a single programme for the sector defined by the partner government as part of its broader poverty reduction strategy. The aim is to promote country ownership, contribute to harmonization, reduce transaction costs and streamline monitoring and accounting mechanisms. The first SWAPs were developed for health and education; SWAPs in agriculture and rural development are still quite limited.

2. If the SWAP phenomenon is so limited in the agricultural and rural sector, why should IFAD be involved?

IFAD is a relatively large financier in the agricultural sector of many countries – in

particular those in which SWAPs are being implemented. We can help to ensure that SWAPs work for rural poor people. IFAD can also propose practical ways for implementing them at field level – an area in which experience is generally lacking.

3. What is the most appropriate financial arrangement for IFAD to get involved in SWAPs?

What is not appropriate for an agency such as IFAD, with its very specific rural focus and mandate, is general or even sector-level budget support. IFAD must channel its resources in support of a specific and defined programme for rural poverty reduction – that is, a SWAP. IFAD may contribute to a pooled or basket funding arrangement for a SWAP, or provide earmarked funding for certain components of a SWAP, or finance stand-alone projects within a SWAP.

4. In a basket funding arrangement, how would IFAD be sure of how its resources were being used?

Unlike in a traditional project, in a basket funding arrangement it is not possible for contributing financiers to track exactly how their individual resources are being used. So IFAD would need to look at the SWAP as a whole. Together with the government and its other development partners, we would review the programme annual workplans and budgets, the financial and implementation

progress reports, and the audited accounts. In this way we would agree up front what activities would be carried out, and for what purpose and at what cost, and we would subsequently confirm that activities actually carried out and the expenditures realized were in conformity with what had been agreed.

5. Would that not require having a country presence, something that is difficult under IFAD's current operating model?

Engaging effectively in programme development and policy dialogue without a country presence may prove challenging for IFAD. Up until now we have mobilized local representatives under the Field Presence Pilot Initiative, approved by the Executive Board in 2003, or through ad hoc arrangements. We will need to see whether this is sufficient to allow IFAD to contribute effectively to SWAPs or whether additional measures are required.

6. If IFAD chooses a basket funding arrangement, the SWAP policy dictates that the World Bank must endorse it. Why is this?

IFAD does not have a particular strength in analysing fiduciary arrangements or organizing procurement – areas where the World Bank has expertise. So until IFAD builds its capacity for loan administration, our policy will be to enter into basket funding arrangements only where the World Bank is either participating or giving the government budget support.

7. What is needed to ensure that agricultural SWAps are effective?

The elements that make agricultural SWAps effective are the same things IFAD believes are essential to reduce rural poverty. For example, policies and investments must be based on an understanding of the livelihoods of rural poor people. The best way to ensure that SWAps are effective is to involve poor people in their design and implementation.

8. What do we know about the impact of SWAps for agriculture and rural development?

Not enough, especially since the number of these SWAps is limited and they are quite new. This is a major shortcoming. IFAD will need to make sure that impact monitoring systems are part of any SWAps we participate in. We must also promote a management culture in which impact is considered paramount, and we must demand monitoring and evaluation data.

9. Can IFAD pursue SWAps while maintaining a project-based approach? How do these two fit together?

Yes, absolutely. For one, SWAps do not address all economic issues facing rural poor people. Rural finance, for example, is typically outside the scope of SWAps. So even where IFAD is supporting a SWAp, as it is currently doing in Uganda and in the United Republic of Tanzania, it is also financing projects in other areas essential for rural poverty reduction. Secondly, SWAps need not be monolithic. They can provide a general framework for rural development, which is articulated through projects and programmes that meet clearly defined criteria.

10. What is the link between PRSPs and SWAps?

Poverty reduction strategy papers (PRSPs) are national frameworks to articulate how a government will achieve the Millennium Development Goals. SWAps are one possible way that those poverty reduction efforts can be operationalized at the sectoral level. ■

IFAD's policy on sector-wide approaches:

<http://www.ifad.org/gbdocs/eb/84/e/EB-2005-84-R-5-REV-1.pdf>

Experiencing poverty up close

Living with poor families in India gives IFAD Executive Board directors new insights into poverty

Seeing the reality of poverty through the eyes of poor women and their families was the aim of a field visit to Gujarat, India, for four Executive Board directors and a country representative. The visitors joined the women in salt mines, buffalo stables and village assemblies as part of a five-day immersion programme.

"We took part in all our host's activities," says Mariam Moussa, Executive Board Director from Egypt, "waking up at 4 a.m. to repair water pumps and eating only one meal a day. We slept outside in tents and did without basic services like toilets or kitchens."

The hosts were all women from the Self-Employed Women's Association (SEWA), a trade union that helps women working in informal sectors to gain full employment, including sufficient work, income, food, healthcare and childcare. SEWA is both the implementing partner and the signatory of the IFAD-supported Livelihood Security Project for Earthquake-Affected Rural Households in Gujarat, approved in 2001, and many of the host women are participants in that project.

The visitors spent the first two and a half days living with a family and the rest of the time in an exposure and dialogue programme, an opportunity to reflect on what they had experienced and use that experience and their professional knowledge to examine a range of issues. Host families also took part in the discussions.

"Quantitative data and written reports are essential, but they do not give Executive Board directors a full understanding of IFAD projects," said Phrang Roy, Assistant President, Special Assignment, Indigenous People, who participated in discussions. "Field visits enhance Board directors' knowledge of projects and critical policy issues, which in turn can strengthen their deliberations."

"I knew the common definitions of poverty, that more than a billion people live on less than a dollar a day, but now poverty has a face and a name," says Bernd Dunnzlaff, Executive Board Director from Germany, who lived with an agricultural labourer, Savita-ben. Ben means sister in Gujarati and all SEWA members address each other as ben.

Habiba Djerir, Algeria's country representative to IFAD, was a guest in an urban slum, at the home of Rehana-ben, a 24-year-old widow, who lives with her three children and an extended family that sometimes reaches almost 20 people. During discussions after the home stay, Djerir was struck by her host's strong desire to improve her life.

"Coming from a traditional society where women are generally shy, I can tell you that these women really challenged themselves by coming to our meetings," said Djerir. "Rehana-ben told us she wants to have her own house and learn how to sew clothes so she can improve her financial situation."

Médi MOUNGUI, Executive Board Director from Cameroon, was impressed



Members of the Self-Employed Women's Association discuss labour issues with an official in Gujarat, India.

by the value of limited resources in poor communities. He lived with Sita-ben, one of the poorest women in the village, who owned no land and no animals. SEWA support had helped her family to plant a vegetable garden enriched with composting. The compost required animal dung, which had to be collected from public lands. "Sita-ben's face would brighten whenever she saw a lump of droppings in the distance," said Mougui. "These were scarce resources!"

"I was not expecting such an impact when I decided to take part in this programme," says Carla Elisa Mucavi, Executive Board Director from Mozambique. "I now realize the complexity of poverty but also that very little can go a long way in improving the lives of poor people."

Five IFAD staff members also took part in the programme, including the regional economist from the Latin America and the Caribbean Division and staff members from the Office of the Secretary, the Communications Division and the Programme Management Department. Even though many of them had spent significant time in the field, living with a poor family gave them a different perspective.

"I have interacted very closely with rural poor people in Gujarat in the past," said Shyam Khadka, IFAD's senior portfolio manager and former country programme manager for India, "but this experience went beyond intellect and research. It spoke directly to my emotions." ■

Finding new ways to access markets

IFAD is working with partners to develop and test innovative ways of linking small-scale producers to markets

Poor access to markets is a major obstacle to reducing poverty in rural areas of developing countries, where inadequate infrastructure, high transport costs, limited market information, and the use of subsidies by wealthy nations impede the ability of farmers to compete in local, national and international markets.

A programme initiated in the Latin America and the Caribbean region, but increasingly involving other regions, is developing and testing innovative ways to help small rural producers access markets.

"Globalization has created both challenges and opportunities for small-scale producers in rural areas," says Lennart Båge, IFAD President. "Farmers and small entrepreneurs need business skills and practical information on commodity prices, market trends and quality standards so they can compete in these markets."

The programme is funded by the Initiative for Mainstreaming Innovation, a three-year programme to find

innovative ways of reducing poverty and then integrate them into IFAD-supported projects and programmes. (See "Creating a culture for innovation," page 1)

During the pilot phase, IFAD worked with the International Fair Trade Association, a leading global network operating in 59 countries, and Traidcraft, an NGO with expertise in market access activities. Using a participatory and cross-regional approach, the programme examined market access in IFAD projects and developed five information tools to help producers improve their access to markets.

Taking stock of IFAD projects

The stock-taking exercise found that many IFAD-financed projects had made strides in improving market access. In southern Africa, for example, IFAD supports PhytoTrade Africa, a regional trade association that helps producers, processors and traders market natural products made from plants and oils. PhytoTrade Africa develops markets, strengthens supply chains, stimulates innovation in product development and

ensures a strong institutional framework for fair trade between producers and buyers. Between 2002 and 2004, it helped members generate US\$337,000 in sales of natural products.

Farmers in Albania, Bosnia and Herzegovina, and The former Yugoslav Republic of Macedonia are developing stronger links with private traders and agribusiness firms thanks to the Facility for Farmers' Access to Markets, which is managed by IFAD and receives support from the Government of Italy. The facility improves production and processing standards, promotes new technologies and strengthens institutional measures to increase access to markets and trade. It also contributes to harmonization of development aid and fosters relationships between the private sector and small-scale producers and processors.

In the Latin America and the Caribbean region, networks of farmers' organizations supported by IFAD are increasing the availability of market information through websites, e-mail, and learning tours where farmers can see how to produce and sell



A programme in Peru provides farmers with market information and answers queries about prices, standards and buyers.

“Globalization has created both challenges and opportunities for small-scale producers in rural areas.”

Lennart Båge, IFAD President

products in niche markets such as organic products, processed foods and textiles.

The study found, however, that many of the lessons learned remained scattered and underused. It also noted that, though growing, market access is generally a small part of IFAD projects. And because market access is often combined with other project components, its effectiveness may be difficult to assess.

Tools help rural producers access markets

A training manual called “Into the Market” was developed to give rural producers practical advice on every step in launching a business,

from how to judge a good opportunity to how to retain customers – even in the face of increased competition. Real case studies from around the world, including many from IFAD projects, provide valuable lessons on what works and what does not, in simple, easy-to-read language.

A toolkit on how to participate in trade fairs was created. Trade fairs are a useful way to find new markets, but require significant planning and resources. The toolkit offers checklists, planning tables and sample letters that help producers gain the most from these events.

Three additional tools were developed: an online database containing market access resources, a case study on business development centres and a guide summarizing developments in e-commerce.

Rural Poverty Portal on market access:
http://www.ruralpovertyportal.org/english/topics/market_access/index.htm

From pilot to main phase

A main phase of the market access programme is now consolidating and expanding on these efforts, including testing new innovations in IFAD's programmes and projects. For instance, as part of the seven-year Development of the Puno-Cusco Corridor Project in Peru, a partnership with a private enterprise is providing farmers with market information and answering queries on prices, standards and buyers. In Guatemala, IFAD is developing a partnership with AGEXPRONT, a private-sector umbrella organization that works with business development centres to ensure their services are geared to the needs of small entrepreneurs.

These activities could contribute to greater project effectiveness by providing the information and lessons learned to develop and scale up best practices and policies on promoting market access. ■

Engaging the private sector

IFAD's new strategy promotes private-sector development and partnerships to help in the fight against rural poverty

When IFAD started operations more than two decades ago, the public sector was the primary source of new jobs and investment. In most poor countries today, the private sector fills that role. IFAD's new private-sector development and partnership strategy, approved by the Executive Board last April, promotes private-sector development in rural areas, including by engaging the private sector in IFAD projects. It also examines how IFAD can forge partnerships with the private sector to benefit rural poor people.

"In today's economic environment, the private sector is the engine of growth in most developing countries," says Mylene Kherallah, regional economist for the Near East and North Africa Division. "If we want to make a dent in poverty, we must engage the private sector in our development efforts."

The strategy works on three levels. It encourages policy dialogue to promote local private-sector development, suggests ways for investing in operations to support local private-sector development, and fosters partnerships with the private sector to leverage additional resources and knowledge to help reduce rural poverty.

The private sector is a potential source of investment and can increase the transfer of knowledge and skills in rural areas. By partnering with the private sector, IFAD can encourage it to become more sensitive and responsive to the needs of rural poor people.

Partnerships benefit both sides. "Consumers increasingly make choices based on corporate social responsibility, including respect for the environment, workers' rights and the principles of fair trade," says Amanda Pingree, IFAD's private sector and foundations officer. "Industry is responding to these choices, creating an area where IFAD's interests converge with those of industry." By working together, IFAD increases its impact and businesses satisfy demand for socially responsible products.

When people talk about the private sector, they generally think of multinational corporations. But for IFAD, that definition is too narrow, says Pingree. "Foundations, charities and individuals can all be valuable partners," she says.

IFAD will continue to work with the public sector. "The public sector creates the appropriate framework and the conditions for a vibrant private sector," says Jim Carruthers, Assistant President of IFAD's Programme Management Department. "We will work with Member States to create the conditions that encourage income-generating opportunities and attract investment."

A results framework sets indicators for monitoring increases in private-sector activities and investment. Each IFAD unit or division will identify the activities necessary to achieve this objective and include them in annual workplans and budgets.

For instance, the framework calls for 25 to 50 per cent of agricultural service providers to come from the private sector in projects focusing on agricultural production, and for 50 to 75 per cent of rural financial institutions to come from the private sector in projects focusing on rural financial services.

According to Kherallah, these numbers are within reach. "We're not starting from scratch," she says. "We have already started working with the private sector, and these partnerships are growing."

In addition, all new IFAD country strategic opportunities papers will review the policy and institutional environment for local private-sector development in rural areas, and will involve private-sector representatives during the consultative process. IFAD's portfolio review and its results and impact management system indicators also provide ways to report on the progress being made.

While the new strategy provides guidelines on how to interact with the private sector, it is not a rule book. A review of private-sector strategies in other organizations found a trend towards flexible policies that allowed partnerships to be formed on a case-by-case basis, using due diligence practices to confirm the reliability of partners. This is the approach IFAD is adopting. ■



Koako's André Deberdt, plantation director Rodrigo Guilherme and Philippe Bastide of the local research station check the results of solar drying.

Cocoa farmers find a market

A French chocolate maker is buying as much organic cocoa as farmers can produce in Sao Tome and Principe

Cocoa sales represent 90 per cent of Sao Tome and Principe's export earnings, but extreme price volatility has caused many producers to abandon their farms.

In 2000, IFAD commissioned Kaoka, the organic branch of a large French chocolate producer, to analyse the country's cocoa sector. The study concluded that because of its rich genetic origin, Sao Tome cocoa varieties could produce superior aromatic cocoa beans, fetching higher and more stable prices than common cocoa. The study also found that traditional farming methods could be adapted easily to organic production. By combining the dual qualities of fine taste and organic production, the cocoa farmers could greatly boost their income.

Later that year, IFAD launched a three-year pilot project involving 500 farmers in 11 communities. Kaoka agreed to supervise the project and to purchase as much certified organic cocoa as the farmers could produce. Farmers received technical advice and extension services to

help them make the transition from producing medium-quality cocoa butter to high-quality dried cocoa. A solar cocoa dryer and storage facility reduced spoilage of the cocoa harvest. A local research station certified the cocoa's aromatic qualities, and an international organic organization certified that the cocoa was organic.

By the end of the pilot project, the farmers had produced 100 tonnes of certified organic cocoa that sold for two and a half times the price of common cocoa. The farmers have now formed a cooperative and signed a five-year contract directly with Kaoka, guaranteeing them a stable price. Smallholder families who participated in the programme saw their yearly income increase by more than 14 per cent, from US\$270 to US\$309. The internal rate of

return on the investment was 17 per cent. (The internal rate of return is the average rate earned by each and every dollar invested.)

This experience taught IFAD several lessons about partnering with the private sector. For one, partnerships are easier when the target group is already linked to international markets, for instance farmers producing commodities like cocoa. Secondly, by providing stability and support, IFAD was able to counter the negative impact of poor infrastructure, distance from markets and the inexperience of local farmers.

IFAD is scaling up organic, aromatic cocoa farming to another 12 communities in Sao Tome within its ongoing Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme. ■

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Please address your comments, or suggestions for
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