



IFAD Results Series Issue 1

RESULTS FROM THE FIELD



Investing in rural people

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The purpose of the Results Series is to document in a succinct manner the results and lessons emerging from IFAD-funded projects and programmes and make them easily accessible to policy and decision makers, development practitioners, researchers and others. The series is a means to ensure that IFAD's extensive experience may inform the design and implementation of policies and operations in the agriculture and rural sectors, now and in the future.

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Abbreviations and acronyms

IOE	Independent Office of Evaluation of IFAD
MSEs	micro and small enterprises
PRP	Poverty Reduction Programme
REP	Rural Enterprises Programme
SMEs	small and medium-sized enterprises
VODP	Vegetable Oil Development Project
4Ps	public-private-producer partnerships

President's Foreword

The International Fund for Agricultural Development (IFAD) invests in poor rural people to improve their food security, nutrition, incomes and overall livelihoods. Since IFAD started operations in 1978, for nearly four decades, evidence demonstrates that these investments have contributed to promoting sustainable and inclusive rural transformation and enhanced prosperity in developing countries.

I am pleased that IFAD is launching this new *Results from the Field* series, which is a complementary instrument alongside other efforts and products being developed by IFAD to systematize and disseminate its results and lessons to the wider development community.

Each issue of the Results from the Field will feature experiences from five IFAD-funded projects, one from each geographic region where IFAD works. This first issue includes projects and programmes financed in Brazil, China, Ghana, Morocco and Uganda. They were selected based on their well-documented results and lessons. They draw on evidence from a range of sources, including a thorough review of existing documentation, interviews with the teams that designed and implemented each project, and in some cases, additional fieldwork, including interactions with beneficiaries.

IFAD is committed to strengthening its ability to learn, generate knowledge and provide evidence about what works and what does not, with the aim of improving the development effectiveness of its activities, as well as making available its experience to others in the development community.



KANAYO F. NWANZE
President
International Fund for
Agricultural Development

Brazil: From landless farmers to small-scale entrepreneurs – rural communities benefit from economic and social development

In the remote areas of the north-east region of Brazil, the innovative Dom Hélder Câmara Project worked with smallholder farmers to make productive use of land in a semi-arid climate and improve their business prospects. The project fostered partnerships between local stakeholders and became a vehicle through which local farmers could access public programmes and influence public policies.

Brazil is an upper-middle-income country and has experienced rapid economic growth in the past decades. In 2014, however, the economy fell into a deep recession (World Bank, accessed February 2017), and income inequality and social exclusion are two of the most serious problems affecting the country. Most of the poorest people in Brazil live in the rural north-east, where poverty levels are comparable



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to the poorest countries in Latin America and where the semi-arid environment makes farming difficult. To improve living conditions in this part of Brazil, agricultural growth must be balanced with environmental protection and smallholder farmers must be actively involved in the transformation of their region.

In the mid-1990s, the Government of Brazil began the National Agrarian Reform Programme, which gave agricultural land to nearly 80,000 rural landless families in the north-east. However, many of the families knew very little about how to farm the land and how to develop small businesses. The challenge for the government was to support those newly settled families to become small-scale agricultural entrepreneurs with access to markets, credit and technical assistance.

The project

The Dom Hélder Câmara Project looked for ways to support families living in the agrarian reform settlements and neighbouring rural communities in the north-east region. The overall objective was to introduce sustainable improvements in income and living conditions for these families, and to develop a culture of co-existence with the semi-arid conditions. The project focused on three main components: training and organization; production and marketing development; and financial services. In addition, it addressed issues related to access to public services, citizenship rights and strengthening of local institutions through a territorial development approach, which focused on the coordination of actions and forging of partnerships between local stakeholders.

The project targeted 15,000 farming households in selected territories in the states of Ceará, Pernambuco, Paraíba, Rio Grande do Norte, Sergipe and Piauí. It worked with the farmers to broaden their understanding of the harsh natural conditions and introduced agricultural production technologies that were adapted to the environment. The project promoted the concept of *conviver com o semi-árido*, which is about creating a sustainable co-existence between family farmers and the difficult environment in which they live. This turns the environment and natural resources into partners in development that require care and attention.

An important step towards the success of the project was to improve the participants' skills and knowledge so they could build their businesses. The project offered demonstration units to the farmers, teaching them how to increase their agricultural production and how to use organic farming methods. The project also focused on how farmers could market their produce, and it established savings and loans cooperatives giving the farmers access to financial services. The project also worked with farmers to connect them to organic markets where they could sell their produce.

A network of social mobilizers from the communities and from rural trade unions motivated community members to participate in project activities. These social mobilizers also informed project participants about relevant government programmes and promoted links to service providers and organizations that could offer technical

Sustainable Development Project for Agrarian Reform Settlements in the Semi-arid North-east (Dom Hélder Câmara Project – Phase I)

Total project cost:
US\$93.5 million

IFAD loan: US\$25 million

Government contribution:
US\$53.2 million

Duration: 1998-2007

Directly benefiting:
15,000 households

Cofinanciers:

Global Environmental Facility:
US\$6.2 million

Pronaf credit: US\$40 million

Syngenta Foundation:
CHF 2 million

Petrobras: R\$ 5.5 billion

Project phases:

Phase I – 1998-2007

Phase II – 2014-2020

assistance. Local NGOs delivered extension and advisory services in areas such as horticulture, irrigation and livestock rearing, and promoted social topics, such as gender awareness. In addition, the project helped to create territorial committees, which were composed of representatives of communities, farmers' unions, technical service providers, municipal councils, local representatives and project participants. These committees participated in decisions regarding project activities and were responsible for reviewing proposals put forward by the local communities.

The project worked with the various government institutions and municipalities, and with representatives from the local communities, including farmers' organizations, NGOs and trade unions, to establish partnerships among them. Focusing on the territorial development of the area, the project supported public policies for smallholder family farmers, like establishing partnerships with public programmes that provided conditional cash transfers to smallholder farmers. Local communities and institutions participated in planning and implementing the policies. The project also connected rural communities to electricity and provided insurance schemes for farmers against the loss of their harvests to drought or floods.

Results

The project tested several innovative tools to support the economic and social development of the families and their communities. It contributed to significant improvements in agricultural productivity, food and water security, and it supported the social development and empowerment of local communities and institutions, increasing their ability to influence policies that affected their lives.

Increased productivity, incomes, and food and water security

Agricultural productivity had increased for 58 per cent of the families by the time the project ended, and farms had diversified their crops in the targeted territories. Through technical assistance and demonstration units, the farmers learned about new production processes and technologies. Many of these focused on food security and improving agricultural incomes by increasing production of such things as honey, goat's and sheep's cheese, vegetables, fish and fruits. Organic farming practices, such as using biological inputs instead of chemicals and using crop rotation, resulted in more and better quality products. Since farmers had access to organic markets, they were motivated to diversify their farm production. The project partnered with the government's food acquisition programme, which provided a regular buyer for some of the produce. Family incomes rose due to increased productivity and markets. The project also built cisterns and developed small-scale irrigation systems. This gave families greater control over their water and a greater sense of water security. It contributed greatly to increased productivity as well as better availability of food during the dry season.

Sixty per cent of families changed their food habits for the better because of the improved quantity, quality and distribution of food, and their diets were significantly enhanced by the greater variety of foods available to them. They added more proteins and nutrients because of their increasing production of meat, milk, vegetables and honey. Clean water also contributed to the better health of the families.

A sense of ownership within local communities and institutions

Project participants, including women and young people, gained a sense of empowerment and confidence in their new skills. Local farmers' organizations and project participants became involved in planning and decision-making. NGOs, civil society organizations and family producers' associations all improved their managerial skills and they were better able to access the wide variety of public services and programmes available to them.

More than 50 per cent of territorial committee members came from the local communities. The committees managed project resources and formulated annual community plans. Committee members were involved in public policy discussions about territorial development issues and participated actively in community organizations.

In addition, 15,000 women obtained identity cards and other documents that then enabled them to exercise their citizenship rights and to qualify for state benefits, guaranteeing them access to services, credit and land tenure. This campaign for women's documentation was scaled up across the country by the Ministry of Agrarian Development.

Challenges and solutions

To create territorial committees, the project had to establish partnerships with state authorities, NGOs and civil society organizations. However, some partners did not want to cooperate with a development initiative financed by the state or allow resources to be managed by grass-roots organizations. This caused delays in the initial phases and led the project to clarify its strategy and the different target groups. It also introduced new activities in response to new demands from the government and private actors and devoted greater attention to the search for international partners interested in supporting and cofinancing activities.

The project was managed at the federal level and while it was aligned with government policies, it was put into practice in a complementary and decentralized way. Implementing the project in six different states required a complex management structure. Operational costs also increased as a result of the wide geographical area covered and the different implementation contexts. Project funds were often delayed, which in turn delayed project activities. The project management unit and IFAD helped to bring in additional domestic and international resources, such as the Global Environment Facility and the Syngenta Foundation. The decentralized structure also allowed the project to engage in a range of partnerships and to test new ways of supporting family farms.

Scaling up

The project's involving of local communities in identifying their needs and priorities, and its focus on low-cost, simple and easy-to-use technologies, are now recognized as standard approaches and are being replicated in federal and state development programmes in the north-east of Brazil. International development agencies are also showing interest in the tools and technologies piloted by the project.

These experiences have allowed IFAD to expand and consolidate its operations in Brazil. There are currently five ongoing projects at the state level in Bahia, Ceará, Paraíba, Piauí and Sergipe taking a similar approach. A second phase of the Dom Hélder Câmara Project, which became effective in 2014, focuses on helping the poorest and most isolated family farmers obtain access to existing public programmes. It covers 129 municipalities in seven states of the north-east region. The aim is to involve local people in policy and decision-making processes at the territorial level, and to help improve and scale up public policies, particularly vis-à-vis technical assistance and extension services. The Government of Brazil is contributing US\$82 million out of a total project cost of US\$125 million. IFAD and the government are discussing ways to adjust the model to new government policies and scale it up to become a countrywide approach to agricultural technical assistance and extension.

Main lessons

The project was successful because of the way in which it involved local communities and integrated the addressing of environmental constraints into its activities. Its achievements provide important lessons for ongoing and future operations in the region:

- *Involving rural communities and civil society organizations in planning and implementing project activities is essential to project success.* The territorial committees increased the involvement of local communities in decision-making, including direct management of financial resources for development activities. The territorial committees were responsible for selecting the proposals to be financed by the project. Once a proposal was approved, funds were transferred directly to community associations so they could buy inputs and equipment to implement activities. The project financed 511 production and social initiatives submitted by participants' associations, including building water tanks and wells for water harvesting, and supporting community schools and social centres.
- *Strengthening local organizations and building their capacity supports the empowerment of local communities.* Through the support to and development of institutions and local NGOs, including creating a network of social mobilizers, the project became an instrument to enable smallholder farmers to take advantage of opportunities available under government development policies and to access government markets. The stronger community organizations had better access to information about public policies and this allowed for greater participation in local decision-making and influence on public policies. Social mobilizers helped participants to access information and to become involved in policy discussions through local councils and municipalities. At the same time, local NGOs focused on economic development by providing technical assistance to increase production and income-generating activities.
- *Partnerships between stakeholders are fundamental to economic and social inclusion.* The strong emphasis on partnerships among beneficiaries, community and civil society organizations, private enterprises and government agencies improved social infrastructure and services for poor rural communities in the areas.

The project also encouraged the creation of “interest groups”, composed of individuals wishing to implement production and income-generating activities in existing or newly formed associations. The project worked well with different segments of government, private enterprise and society.

Conclusion

The impact of the project was reinforced by some positive economic changes, such as low inflation and steadily rising exports, and by public policies that were supportive of the family farming sector. The project’s goals and methods were compatible with the government’s priorities of focusing on rural development and family farming, land reforms and agrarian reorganization, increasing incomes and food security, and clarifying land tenure. The project showed that when poor farmers have the necessary skills and information, they can improve their business prospects and livelihoods. The project also demonstrated that it is possible to influence public policies and that community involvement in decision-making processes is critical to ensure that policies are relevant for the target groups. The project became an instrument to allow people to make public policies and programmes work for them, and it established a model for channelling public policies towards the intended target groups.

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China: Local communities empowered to take control of their own development

This IFAD-supported programme helped transform an arid plain into a green hub of agricultural activity, eradicating chronic hunger, providing livelihoods and improving the health of communities across South Gansu, China. Through a range of innovative technologies and solutions, the programme addressed the multiple causes of poverty and empowered local communities to take control of development activities most relevant to their specific needs.

China has experienced 30 years of significant economic growth and increased per capita income, which have contributed to drastically reducing poverty and improving human development. However, about 70 million people still live below the poverty line in rural areas (World Bank, accessed February 2017). Rural poverty in China is mostly concentrated in the remote, mountainous and border areas in the central and western regions, largely characterized by fragile ecological environments. These areas have limited natural resources, have poor access to appropriate infrastructure and public services, and are home to ethnic minorities and other disadvantaged groups.

The arid Loess Plateau on which South Gansu rests is covered with a thin and powdery soil that natural degradation and centuries of overuse have rendered almost unusable for agriculture. Located in Gansu Province, the area is remote, making it difficult to develop infrastructure and social care, which adversely affects the health of both children and adults. The combination of remote location and poor agricultural land creates extremely challenging conditions for those in South Gansu trying to move beyond subsistence farming; daily life is focused upon surviving rather than thriving.

The programme

The South Gansu Poverty Reduction Programme (PRP) was designed to create sustainable and equitable poverty reduction for vulnerable rural households in 10 counties with limited and deteriorating natural resources. Its purpose was to increase productive capacity both on and off the farm, increase access to economic and social resources, such as education, health and social networks, and improve the local environment.

The programme was designed using a participatory approach and village community groups were invited to choose the poverty reduction activities most valuable to them from a range of options. These activities were then implemented in each village.

The poverty reduction activities on offer were grouped around three programme strategies: improving land-based agricultural activities; accessing rural financial services; and providing social development. The activities included investment in

irrigation, improving livestock production, improving technical agricultural services, and tree-planting in degraded areas. Simple new techniques, such as mulching plastic to improve soil and biogas technology (see below), were offered to modernize farming; and women, the area's main farmers, were offered literacy training. Rural financial services included microcredit and social infrastructure projects that would improve social service facilities for health and education. In general, the households requested assistance with investments in productive activities, principally livestock, to raise their incomes and improve food security.

By offering a range of complementary poverty reduction activities, the extensive programme tackled the region's mutually reinforcing causes of poverty. To keep pace with China's fast-growing economy, households were reassessed annually to ensure that those most in need were the ones receiving assistance.

South Gansu Poverty Reduction Programme

Total programme cost:
US\$80.6 million
IFAD loan: US\$29.3 million
Government contribution:
US\$31.9 million
Beneficiary contribution:
US\$14.7 million
Duration: 2005-2011
Directly benefiting:
300,000 households
Cofinanciers:
World Food Programme:
US\$4.8 million

Results

The results of the programme are most evident in changes to the terrain. Arid hillsides once covered by powdery soil are now agricultural landscapes. This transformation led to increased productivity of farms and higher incomes for farmers, and so enabled improvements in nutrition, health and education in the villages of South Gansu.



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“Hunger seasons” were eradicated and healthier lives were made possible

Before the programme began in 2006, more than a quarter of all households in the South Gansu area experienced a four-month season of hunger every year, and in some cases twice a year. By 2012, none of the households in the area experienced such a hunger season. The health of the people in the community improved, with chronic child malnutrition and newborn mortality each by 66 per cent. Literacy rates improved for teens and young adults and 97 per cent of the people in the programme communities could read and write by 2012.

Environmental restoration addressed the root cause of poverty

Planting forests, rehabilitating pastures and improving fodder crop production all dealt directly with the problem of poor soil quality, which was the root cause of poverty in the region. Nearly 6,000 hectares of land have been improved by the programme, whose activities included planting forests, restoring pastures and terracing mountainsides. This allowed farmers to improve their yields and reduced their need for fertilizers.

Farmers built businesses and owned assets for the first time

More than 170,000 farmers experienced a rise in household assets during the programme. The twin effect of the IFAD-supported programme and countrywide economic growth meant that households could buy time-saving assets, such as refrigerators, washing machines and even motorbikes. The household appliances freed people, particularly women, from time-consuming household tasks, allowing them to concentrate on income-generating and family activities.

Simple new technologies improved lives

Introducing biogas technology into 62,000 homes was a simple innovation with far-reaching results. Farmers were given the tools to create storage for animal waste and harness the biogas released by the waste. This created a clean fuel that could be used for heating, cooking and lighting. This fuel reduced smoke inhalation from open fires, improved family health and reduced the need for expensive visits to hospital. The resulting good health of the participants in this programme meant they had more time for other important activities, such as spending time with their families or increasing their incomes. The liquid waste produced by the gas was used as fertilizer to improve crop yields and income. This in turn raised the social standing of women in the community, as it was they who performed most household and domestic agricultural activities. Additionally, burning biogas reduced the methane such waste would normally release and lowered the environmental impact of livestock production.

Challenges and solutions

The main challenge of the programme stemmed from what made it most successful; its regeneration of the community and landscape. The programme recognized the need to improve all aspects of rural life in the community concurrently and in doing so required the funding of numerous poverty-reduction activities involving many different stakeholders. This multitude of partnerships created difficulties for

the programme management in coordinating responses and sharing results among stakeholders. The number of villages and counties involved crossed jurisdictional boundaries and covered a wide geographic area, further increasing the operational risk to the programme. Similarly, this challenged the programme to ensure that assistance was being provided to those households most in need.

The programme management's dedication to creating a programme that operated to schedule was at the heart of the programme's success. Every aspect of the programme met or exceeded its targets because of the programme management's attention to detail in coordinating the village groups, government stakeholders and partners across a wide and rural geographic area. Staff were trained in programme strategy, financial management, and monitoring and evaluation. Regular workshops and planning meetings with stakeholders maintained the flow of communication. In conjunction with this, the village participatory approach targeted those households in each township that were most in need of assistance, which ensured that only activities of the highest value to a particular community were implemented in each village, giving villagers ownership of their development.

Scaling up

Many of the new technologies that were tried out by the South Gansu PRP, including the biogas and plastic mulching, have been scaled up far beyond the original programme scope. Biogas production methods had existed since 2002, but expanded rapidly with the growth of excess supplies of manure. The programme's management facilitated this and supplied the materials needed for free. Farmers contributed their labour, with the Rural Energy Division of the Bureau of Agriculture providing technical assistance.

Plastic mulching is a membrane applied to the ground to increase soil temperatures. This simple tool was introduced in a few carefully selected demonstration villages before its success led to it being rolled out across Guang He county. Plastic mulching increased yields, and women farmers, supported by the PRP's literacy activities, were able to recognize its potential and request the activity. The Department of Agriculture officially recognized the plastic mulching technology and supported implementing it in 370,000 farmer households in Linxia prefecture in 2012, and by 2013, it was ubiquitous across all counties. The dramatic spread of the membranes in Gansu Province has enabled a shift into corn production, primarily as animal fodder, which in turn has substantially increased livestock production and led to the creation of new livestock cooperatives. This innovation can itself be scaled up in the future.

The PRP acted as a catalyst for this scaling up process to begin by providing the institutional framework for government and farmers to work together. The project management teams and local governors agreed to provide technical assistance and financial subsidies to rapidly advance the scaling up process. Officials at the provincial and county level had a clear commitment to reducing poverty, and introducing plastic mulching to Guang He county complemented the Department of Agriculture's Five-year Plan, which included introducing farmers to new technologies. Their vision of near-universal coverage of plastic membranes, and the resulting impact on animal fodder and livestock production, drove the process. IFAD provided technical assistance to ensure its successful implementation.

Main lessons

The programme's successes and challenges provide many important lessons for future initiatives, including the following:

- *Programme participants must be placed at the heart of the decision-making process.* Involving the participants in the programme design allowed it to be both precise and flexible. By giving the villages autonomy over the activities, and by annually reassessing household needs, the programme could respond to both the changing economic conditions and changes in household income. The village committee system engaged the participants and increased communication among stakeholders. Women's participation was central to the programme achieving its objectives.
- *Programme management should be supported and trained for success.* There was the potential for this expansive programme to become unruly, but paying careful attention to continuous training and support for management brought the programme in on time and within its budget.
- *Projects should be designed to address the mutually reinforcing causes of poverty.* By creating a comprehensive set of activities, the programme gave communities the opportunity to choose those most relevant to their situations. This meant that the South Gansu PRP contributed to lifting households out of poverty in a way that was both sustainable and inclusive.
- *New technologies to enhance community knowledge and uptake should be demonstrated.* Using and demonstrating new technologies such as biogas encouraged the programme's participants to use these technologies to improve their land and labour productivity.

Conclusion

The South Gansu PRP was successful because it was designed to be flexible, had excellent programme management and addressed the root causes of poverty. Local communities were empowered to take charge of the development programmes and were given a choice of different technologies and solutions that they felt would best address the poverty concerns in their individual households. These choices allowed the programme to respond to China's fast-changing economy, and the programme equipped farmers with simple technologies that improved land productivity. At times, the planning and organization of such a widespread programme was complex. Dealing with the many commitments of the programme's stakeholders was also a challenge that needed to be overcome through strong team management. The support and commitment of local government allowed aspects of South Gansu PRP to be scaled up, creating benefits that go far beyond the original scope of the programme. The success of this programme has allowed IFAD to concentrate on future programmes in China that do not simply eradicate hunger, but also improve livelihoods.

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Ghana: Business support services transform economic opportunities for rural communities

Establishing local business support services in the heart of rural communities in Ghana is transforming economic opportunities for entrepreneurs, bringing technology, access to capital and training to even the most remote areas. Scaled up across three phases, the Rural Enterprises Programme has become a national programme, creating a favourable environment for micro and small enterprises across rural Ghana.

The Republic of Ghana's robust democracy has encouraged foreign investment and political stability, making it one of the strongest economies in Africa. In the south, the economy has made significant progress in the process of transformation, while the three northern regions of Ghana have continued to experience persistent poverty levels since the 1990s (IFAD, 2012). Rural poverty rates are as high as 40 per cent compared with only 10 per cent in urban areas. (World Bank, 2012). Chronic food insecurity remains a challenge, largely due to the dry savannah that covers roughly



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two thirds of Ghana's northern territory, making it prone to drought and vulnerable to the effects of climate change.

The limited job opportunities and services to develop entrepreneurial skills are forcing young people to migrate from rural areas to urban areas. This trend is significantly higher among young men than young women, leaving villages to an ageing and generally less dynamic population. High rates of unemployment among the few young people left behind and social inequality prevail in these rural communities.

The programme

The Rural Enterprises Programme (REP) exemplifies IFAD's commitment to scaling up successful projects. REP began in 1995 and was implemented in 13 districts; it is now in its third phase, expanding its reach to 161 districts nationwide. REP was designed to support the Government of Ghana's efforts to reduce poverty and improve living conditions in rural areas through the promotion of micro and small enterprises (MSEs). In order to develop the full potential of rural MSEs in Ghana and to address key bottlenecks, the programme has adopted a district-based decentralized approach to supporting local economic development and job creation.

The Ministry of Trade and Industry has overall responsibility for the implementation of REP. District assemblies coordinate the services, resources and activities at the district level. The National Board for Small-scale Industries (NBSSI) supports implementation by providing knowledge and technical support in the delivery of business development services. The Ghana Regional Appropriate Technology Industrial Service (GRATIS) also provides technical backstopping.

The core objective in Phase 3 remains to provide business development services to increase the number of rural MSEs that generate profit, growth and employment opportunities in rural areas. REP targets entrepreneurial poor people, particularly women, who are interested in self-employment or wage jobs but who lack the skills and/or start-up capital. It also targets unemployed young people who have completed their education and want to develop entrepreneurial skills, particularly in agribusiness.

To achieve this, REP funds activities under three core components. The first component is to establish new business advisory centres and strengthen existing ones to stimulate the development of business skills by providing business development services. These services include business counselling services, business orientation, management training, marketing support and literacy and numeracy training to transform small-scale rural producers into entrepreneurs. In principle, there is one advisory centre in each of the 161 districts where the programme is implemented.

The second component aims to establish rural technology facilities, which provide technical skills training, apprenticeships and demonstrations of various technologies within the districts. The third component focuses on supporting rural entrepreneurs to access rural finance by linking them to participating financial institutions, including rural banks.

Rural Enterprises Programme (Phase III)

Total programme cost (Phase 3): US\$185.1 million

IFAD loan: US\$31.5 million

Government contribution: US\$63.5 million

Beneficiary contribution: US\$20.1 million

Duration: 2011-2019

Directly benefiting: 68,000 households

Cofinanciers:

African Development Bank: US\$70.0 million

Programme phases:

Phase I (1995-2002) in 13 districts in the Ashanti and Brong-Ahafo regions

Phase II (2003-2012) was implemented in 66 districts nationwide

Phase III (2011-2019) – ongoing

Results

As REP's innovations have been scaled up across Ghana, it has become synonymous with bottom-up MSE development in rural areas, something no initiative of this scale and magnitude has achieved in the country before.

A new generation of entrepreneurs in Ghana

By 2020, REP aims to have created 100,000 new jobs, 86,000 MSEs in rural areas, trained 293,000 rural poor people in various skills and trained 40,000 master apprentices and master crafts persons, among other targets. The entrepreneurs who have benefited from the programme have created a wide range of businesses, and many of them have become employers for the first time. They sell hundreds of different types of products, including cosmetics, snacks, traditional crafts, honey, textiles, leatherwork and oils. Entrepreneurs from 10 districts exhibited their products at Ghana's 2016 International Trade Fair.

Increased incomes of aspiring entrepreneurs

The programme has so far established 161 business advisory centres in rural communities to work with motivated entrepreneurs, enabling them to substantially increase their incomes. This has had a profound impact on the earnings of individual business owners and their families, allowing more children to attend school and families to afford better access to health care. It has also stimulated the local economy as entire communities experience economic gains. The gains have been most pronounced in the local agricultural sector, as entrepreneurs purchase more raw materials from the local community.

Women involved in entrepreneurship training and becoming business owners

Out of the 14,876 new MSEs created since 2012, 9,396 are owned by women and 68 per cent of those are owned by young women. By focusing on trades that are traditionally associated with women, such as pre- and post-harvest activities, and sensitizing business advisory centre leadership teams to gender-related issues, REP has been able to target women effectively.

Combining technology, finance and knowledge for entrepreneurs

The rural technology facilities and the business advisory centres have strengthened the apprenticeship system in rural areas, which has helped local businesses to grow. After completing the business training, MSEs have more credibility when applying to access rural finance. Furthermore, training apprentices and master craftspeople also helped to promote the use of particular technologies and encouraged others to use them. Local business associations involved in the programme developed the traditional apprenticeship system, whereby trained master craftspeople became trainers to other entrepreneurs. The programme helped these business associations to gain access to the National Vocational Training Institute, which organizes examination certificates for its members. These certificates allow businesses and products to be registered, which in turn leads to improved access to loans for entrepreneurs.

Challenges and solutions

The central challenge of REP is to ensure that the programme is sustainable and, in particular, that activities provided by the business advisory centres will continue without donor funding. While reviews of the programme's earlier phases concluded that the sustainability prospects of the business advisory centre model were very strong, the mid-term review of Phase III noted that the centres had not demonstrated the ability to generate revenue on their own and that they continued to be financially dependent on REP, NBSSI and the district assemblies for their salaries and operation. The review further concluded that the centres are unlikely to generate revenue unless the current clientele of resource-poor entrepreneurs is expanded to include growth-oriented small and medium-sized enterprises (SMEs) with the ability and willingness to pay for services.

In addition, inadequate professional capacity and skills among business advisory centre and rural technology facility staff have caused difficulties in terms of performance at the technical level. While finding dedicated staff has rarely been a problem, staff have not always had the required skills or practical experience to develop or deliver business services. Information is not always carefully managed and when staff leave, the institutional memory usually goes with them.

To address these challenges, the programme is taking steps to strengthen the advisory centres and the rural technology facilities. The programme is partnering with TechnoServe, a non-profit organization that supports poor entrepreneurs, to explore new revenue-generating arrangements for delivering business development services at the centres to clients who have the financial ability to pay, while maintaining the free service provision for resource-poor clients.

To further strengthen the sustainability of the advisory centres, the programme is identifying an institutional structure that involves the private sector in delivering business development services. The limited financial and human resources of the public sector have not been sufficient to cover the large network of advisory centres, and the involvement of the private sector can support service delivery, enhance the technical level and raise the professional image of the centres. It can also demonstrate that the centres operate on private-sector principles to support their clients in developing and growing small-scale businesses.

REP is also emphasizing the importance of upgrading staff skills in advisory centres, rural technology facilities and rural financial institutions to strengthen services and training activities for entrepreneurs. In addition, there is a renewed focus on how knowledge is managed within the advisory centres to capture lessons learned and preserve knowledge when staff leave through the natural employment cycle.

Scaling up

REP became a national programme in Ghana in three distinct phases. In the first phase in 1995, the programme was implemented in 13 districts in the Ashanti and Brong-Ahafo regions. By the second phase in 2003 it covered 66 districts in all regions of Ghana, with cofinancing from the African Development Bank. In its current phase, the programme has substantially contributed to strengthening government institutions and has become part of the decentralization process in Ghana. REP has

set up district assembly subcommittees for micro and small-scale enterprises, which are the precursor to the expected decentralized departments of trade and industry.

As REP has developed across the three phases, the programme's focus has also expanded. It continues to support entrepreneurs in rural communities, but it now also emphasizes the importance of institutional capacity-building and helps to develop an evidence-based policy dialogue within Ghana. Elements of the programme have been integrated into existing national strategies, such as the apprenticeship system's integration with the national vocational education strategy. As the programme has grown and evolved, the three main components – business development, appropriate technology promotion and access to rural finance – have been replicated in each of the districts where the programme is implemented.

Main lessons

- *Developing and promoting the MSE sector contributes to poverty reduction.* The programme has highlighted the potential of the MSE sector to contribute to poverty reduction and economic development in rural areas. The model adopted by REP of promoting MSEs through business development services, technical skills training and access to rural finance has supported new entrepreneurs in a comprehensive manner and ensured a higher degree of success. Many client MSEs have seen increased revenues, and the establishment of small-scale businesses has promoted local economic development and contributed to the creation of employment opportunities in the local districts.
- *Location and proximity is essential to reaching the target beneficiaries.* The location of the business advisory centres has been crucial to their success. Embedding the centres within the communities that they support allowed them to provide tailored advice, such as making personal introductions between entrepreneurs and banks, and business counselling and training sessions. In many instances, advisory centre teams went into the local communities to connect with entrepreneurs and demonstrate the accessibility of the services provided. The model has proven very successful in catalysing investment in rural transformation because it directly connects with the people it seeks to support.
- *Promoting private-sector participation and expanding outreach to new clients are key steps towards sustainability.* The reliance on public-sector institutions with limited financial and human resources to oversee the business advisory centres and rural technology facilities has not been effective. There is a need to mobilize other partners, including the private sector, to collaborate in providing services to MSEs and strengthen the sustainability of MSE sector development. This includes expanding outreach to provide services to clients beyond resource-poor MSEs. By offering services to SMEs with the ability to pay for the services, the advisory centres and rural technology facilities are better able to sustain their activities with minimal external funding.
- *Focusing on women led to their significant involvement.* Throughout the three phases, the programme has purposefully included activities that are traditionally undertaken by women and addressed specific constraints faced by women entrepreneurs. With a strong targeting mechanism for women and youth, the programme introduced gender-specific activities, including, for

example, a functional literacy programme. It has consistently disaggregated data to continually improve services for women. This has led to a significant involvement of women, both as business owners and in the new jobs created through support from the programme. The result has been higher incomes for many women and increased opportunities for these women to support their household needs and invest in their own businesses.

- *Managing knowledge saves time and money.* Developing the skills of the business advisory centre management teams and introducing new ideas about leadership and knowledge management allows institutional memory to be developed and the lessons learned to be retained and implemented in new contexts, thereby helping to expand and scale up programmes in new locations. However, without accompanying documentation, knowledge is lost due to the high turnover of staff in both the advisory centres and the rural technology facilities.

Conclusion

Ghana's economy is growing rapidly but unevenly and it needs programmes that capitalize on the positive changes and opportunities in all the regions. REP has contributed to creating a generation of rural micro and small entrepreneurs who have established viable and profitable businesses. The programme is consolidating the positive gains achieved since REP I and REP II, and continues to act as a mechanism to promote MSEs nationwide. Implemented at the district level, the programme has been successful in establishing a decentralized mechanism to facilitate and deliver services to MSEs throughout rural Ghana and has supported efforts to boost local economic development and job creation. Challenges remain to ensure that the business advisory centres and rural technology facilities are sustainable and deliver high-quality services to MSEs. By training staff in how to continuously harvest, manage and build on lessons from the programme, and by exploring partnerships with the private sector, as well as other national programmes, REP is becoming a driver of entrepreneurship development in rural communities across Ghana.

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Morocco: Community-driven development plans help to reduce rural poverty

In the isolated mountain areas of the Al-Haouz Province of Morocco, rural communities transformed their lives by working together to identify their needs and prepare development plans for their villages. Their work contributed to improved household incomes, reduced poverty rates and better food security. The inhabitants of 370 villages took action to develop their local areas, leading to greater social cohesion and ownership by the communities.

Morocco has made real progress in recent years towards reducing poverty. It is a middle-income country and has had sustained economic growth since the 1990s. However, progress has been uneven and rural areas have fallen behind the cities. Poverty rates in these areas reach 19 per cent compared with 4.2 per cent in urban areas (World Bank, accessed February 2017). Infrastructure, such as roads and electricity, is often underdeveloped in rural areas, and drinking water supply is limited. Education levels are low and young people are migrating, leaving behind an ageing farm population.

The mountain zones of Morocco are home to some of the poorest people in the country. These areas have insufficient socio-economic services, poor infrastructure and offer limited income opportunities for the people who live there due to limited resources and an arid environment.

In 2008, the Government of Morocco initiated the Green Morocco Plan (“Plan Maroc Vert”) to revive the agricultural sector and make agriculture an engine of growth and poverty reduction. The plan focuses on developing a modernized, competitive agricultural sector, and on supporting small and medium-scale farming to reduce poverty and increase the incomes of the poorest farmers, especially in disadvantaged areas. The achievements of the IFAD-supported Rural Development Project in the Mountain Zones of Al-Haouz Province have contributed to the formulation of an appropriate strategy for the development of mountainous zones in Morocco.

The project

The overall objective of the Rural Development Project in the Mountain Zones of Al-Haouz Province was to improve the livelihoods of poor rural people in the mountain areas by building their capacities, increasing and diversifying incomes, improving food security and developing sustainable systems for natural resource management. Located south of Marrakech, Al-Haouz is considered one of the most disadvantaged provinces in the country, with high levels of poverty and harsh climatic conditions. The project covered three agro-ecological zones, totalling 2,400km² within this province: the upper mountains, the middle valleys and the low mountains. Specifically, the project targeted 18,500 poor households (112,000 people) located in 370 *douars*

(villages). Half of these households lived on small farms of less than one hectare and 96 per cent lived on farms of less than five hectares.

The project aimed to strengthen the capacity of existing grass-roots organizations to participate in project implementation, to boost productivity of agricultural and livestock systems and to facilitate access to rural finance as well as to basic socio-economic infrastructure. It was designed as a pilot project to test various approaches to these problems and to identify what could eventually be scaled up and replicated in other mountain areas of Morocco.

The project used a participatory approach whereby local communities identified their own needs and priorities and the villages then participated in preparing local development plans. This shifted power significantly to the inhabitants of the villages; new grass-roots organizations were created and the capacities of existing organizations strengthened. The communities focused on improving small-scale irrigation, access to drinking water, rehabilitation of roads and soil conservation, as well as on improving orchard production by planting fruit trees, and livestock production and animal health, among other activities.

An important element of the project was to improve the technical skills of the local people within their communities and organizations to enable them to implement activities that would improve productivity and management of natural resources as well as socio-economic conditions in the areas. Besides technical training, the project also offered literacy classes, focusing especially on women.

Rural Development Project in the Mountain Zones of Al-Haouz Province

Total project cost:

US\$30.2 million

IFAD loan: US\$18 million

Government contribution:
US\$12.1 million

Duration: 2002-2011

Directly benefiting:
18,500 households

Cofinanciers:

United Nations Development
Programme: US\$0.1 million



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Results

The project contributed to improved livelihoods and production conditions in the mountain areas of the Al-Haouz Province. The poverty rate in the project area was reduced by nearly 26 per cent between 2004 and 2013 and the average household income increased by almost 50 per cent. The inhabitants of the 370 villages were involved in all stages of the project.

Communities involved in local development processes

Involving project participants in the development plans for their own villages was a key factor in the project's success. Local organizations developed new management skills as they became responsible for finding solutions to the problems identified in the villages and for taking the appropriate action. This improved the sense of ownership and self-confidence within the communities.

By the end of the project, more than 200 community associations and cooperatives had been created and strengthened, and 55 of those were made up of women. When the project began, there were no women's associations. Young people also became involved in community-based organizations. Women benefited from literacy classes and literacy rates increased for both women and men by 17 and 19 per cent, respectively.

Improved agricultural and livestock productivity and management of natural resources

More than 12,000 small farms increased their revenue by 60 per cent. They diversified their sources of income, particularly by expanding to include small ruminants and beekeeping, but also by growing fruit trees, such as cherries, plums, apples and olives. The project rehabilitated small-scale irrigation schemes, resulting in more irrigated areas, which in turn made it possible to cultivate different crops and increase yields. The improved irrigation systems also provided drinking water to 92 villages and reduced water used for irrigation by 32 per cent. Livestock productivity also improved through the introduction of new breeds and improved fodder and vaccination campaigns, all of which led to a marked increase in the production and quality of red meat (mainly sheep meat), better animal health and increased profits.

Using crop rotations and growing fruit trees, such as olive, apple and almond, and carob trees helped reduce soil erosion and enhanced the quality of the soil. Planting local fruit trees also developed and protected more than 2,000 hectares of land. In addition, developing the rangeland and agropastoral areas reduced land degradation and contributed to reforestation. It also increased fodder availability and biodiversity conservation through the regeneration of endogenous plant species.

Better infrastructure and reduced transportation costs and time

The project constructed and improved rural roads, which was a significant benefit for the local population. This cut travel times by 70 per cent, giving farmers easier access to markets to sell their products and reducing the distance to schools, health clinics and other social services. The roads also enabled women and girls to save time transporting water, which in turn gave them time to pursue new ways of earning an income. In the village of Ouauisseft, time saved on transportation allowed women to begin growing and selling herbs, medical plants and their embroidered crafts.

Challenges and solutions

Implementing the participatory approach was one of the main challenges of the project. To address this, leaders were carefully selected and trained, and a sociologist within the project coordination unit ensured that everyone followed the appropriate participatory approach principles.

Related to this was the challenge of consulting all stakeholders and involving them in decision-making processes. The project strengthened its partnership strategy to ensure that all stakeholders participated, including project participants, local organizations, private companies, research teams and educational institutions. These partnerships also created links among producers, markets and the tourism industry, and supported literacy and vocational training, particularly for women. In addition, they helped to mobilize additional funding for income-generating activities.

Village-level planning was a new approach for development in Morocco and became a useful instrument for promoting local development. But most of the development plans prepared by the villages did not continue after the project ended. One reason is that the plans were not integrated into the municipal planning process.

The vast territory covered by the project also posed a challenge. The project targeted the poorest rural communities, but the scattered locations of the villages and the high cost of interventions in the mountain zone meant that the project only reached half the target group.

Scaling up

The project has become a good example for the Government of Morocco, IFAD and other agencies of an intervention in mountain areas using the village-level approach. The participatory approach, geographical targeting and the diversity of project activities have introduced a new path to rural development, which has influenced and been replicated in other projects in Morocco. These include integrated development projects financed by the World Bank, as well as IFAD-funded programmes, such as the Agricultural Value Chain Development Project in the Mountain Zones of Al-Haouz Province, the Rural Development Project in the Eastern Middle Atlas Mountains, the Agricultural Value Chain Development Programme in the Mountain Zones of Taza Province and the Rural Development Project in the Mountain Zones of the Province of Errachidia.

The project also contributed to the strategy for the development of mountainous zones in Morocco under the Green Morocco Plan. In fact, the participatory planning approach was at the heart of this new development strategy for mountainous zones. One initiative under the Green Morocco Plan has been to finance between 300 and 400 social projects by supporting local cooperatives and grass-roots organizations that ensure the continuity of training and income-generating activities started under the Rural Development Project in the Mountain Zones of Al-Haouz Province.

Main lessons

The project provides some important lessons for future interventions in Morocco, particularly in the poor mountain regions:

- *It is essential to involve local communities in identifying their needs and priorities.*

By using a participatory approach, the project supported the empowerment

of local actors to take ownership of the development process in their areas. The community organizations became vital partners in providing community services, such as managing drinking water supply installations and small-scale irrigation schemes.

- *Partnerships between multiple actors ensured collaboration that benefited all stakeholders.* Partnerships linked producers and buyers in livestock value chains and built relationships that improved marketing of products. Partnerships also encouraged discussion between grass-roots organizations and public services, which had a positive effect on local governance.
- *Addressing multiple development challenges concurrently is central to improving livelihoods.* Focusing on different activities selected in partnership with the communities, including new crops, irrigation management and livestock production and management, allowed farmers in this project to diversify their incomes while sustainably managing the natural resources. Better and new roads made it easier for farmers to access markets to sell their products. They spent the time they saved on transportation on other income-generating activities. Together, these activities contributed to the overall development and improvement of the areas and of poor people's livelihoods.
- *Participatory planning must be integrated into institutional planning processes to ensure sustainability.* While the village plans were useful in identifying needs, setting priorities and determining appropriate action, the plans were not used after the project ended. The main reason was that they had not been integrated into the communal planning process and subsequent communal plans made no reference to the village plans. Considering already existing plans and instruments and linking participatory planning interventions to the decentralized institutional planning processes are therefore critical steps to ensure sustainability of activities in the local communities.

Conclusion

The project's achievements raised the profile of rural development interventions as a vehicle for alleviating poverty. Improved agricultural productivity increased family incomes and helped reduce rural migration. Women and young people were included as active participants in project activities and could establish small businesses. Local communities were able to identify their own needs and priorities, and improved technical and managerial skills enabled community organizations to address multiple challenges and propose and implement appropriate solutions. While the project faced some difficulties in sustaining part of its work, it made a significant contribution to improving the livelihoods of the local population. It also tested some new approaches that are being replicated in other mountainous regions in the country.

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Uganda: Innovative partnership for oil palm investment benefits rural communities

An innovative public-private-producer partnership in oil palm production in the Kalangala District in Uganda has led to significant poverty reduction and socio-economic development over the past decade. It has laid the groundwork for a national programme that will harness the growing interest of private-sector investors in Uganda's emerging oil palm industry, and expand the substantive opportunities and benefits to smallholders throughout the country.

Uganda has made big strides in reducing poverty in the past two decades. The proportion of the population living in poverty was more than halved between 1992 and 2013 – recognized as one of the fastest reductions in poverty in sub-Saharan Africa and the developing world.¹ Growth in the agriculture sector has been the main driver by far of this decline in poverty levels. More than 60 per cent of the population is employed in agriculture (World Bank, 2016).

Uganda is emerging as a regional focal point for import, processing and export of vegetable oils, especially for the surrounding countries. The market in these countries



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¹ The percentage of the population in poverty has decreased from 56.4 per cent in 1992 to 19.7 per cent in 2013, using the national poverty line, and from 68.1 per cent to 34.6 per cent, respectively, using the international \$1.90 2011 purchasing power parity (PPP) line (World Bank, 2016).

and in Uganda is still largely supported by oils imported from Asia, primarily palm oil. Uganda is able to produce crude palm oil at about two thirds the cost of palm oil imports. To respond to market opportunities, private companies have invested heavily during the past decade in processing capacity for edible oils.

The project

IFAD and the Government of Uganda have supported domestic production of vegetable oils, both oilseeds and oil palm, since 1998 through two phases of the Vegetable Oil Development Project (VODP).

VODP's first phase (1998-2010) aimed to substitute vegetable oil imports with domestic production. The project promoted oilseed crops, principally sunflower, as cash crops in the north and east of the country, and introduced oil palm into Uganda through a public-private-producer partnership (4Ps) on Bugala Island in Kalangala District. Phase II (2010-2018) is consolidating and expanding both oil palm and oilseed production. Both phases have aimed to raise the incomes of smallholder producers, link them to processors and ensure a supply of affordable vegetable oil products to Ugandan consumers.

The innovative partnership tested in Kalangala during Phase I brought together the private sector, local and national government, and farmer organizations, and has leveraged major foreign direct investment in Uganda. The partnership is based on a vertically integrated, processor-nucleus estate-smallholder model. During VODP's first phase, Bidco Uganda Ltd (BUL), agreed to invest US\$120 million to establish an oil palm refinery in Jinja and through a subsidiary company, Oil Palm Uganda Ltd (OPUL), to develop 6,500 hectares of oil palm plantation, known as the nucleus estate, with a mill for primary processing, on Bugala Island, in Lake Victoria. Through a US\$30 million loan to Uganda, IFAD supported smallholder farmers on Bugala and two neighbouring islands to establish a further 4,700 hectares of oil palm plantations. The Kalangala Oil Palm Growers Trust was established to act as the commercial link between the smallholders and the company.

The purpose of the nucleus estate was to ensure a guaranteed minimum production of oil palm to feed the primary processing plant, and thus protect BUL's investment. From the outset, the processing plant was designed with the capacity to absorb production from the smallholder plantations. OPUL imports oil palm seedlings and fertilizer, and sells them at cost to the smallholders, who receive loans from the project for this purpose. Smallholders sell their crops to the OPUL oil palm mill on the nucleus estate at a price governed by a formula linked to the international price for palm oil. The company then sells the crude palm oil to the BUL refinery, which produces vegetable oil, fat and other products for the domestic market and export.

IFAD has played a central role as a neutral broker throughout both phases of VODP. A 2015 study by the Institute of Development Studies (IDS) at Sussex University in the United Kingdom (IDS, 2015) noted that IFAD is trusted by all three

Vegetable Oil Development Project (VODP)

Total project cost (Phase II): US\$146.2 million

IFAD loan: US\$52 million

Government contribution: US\$14.14 million

Duration: 2010-2018

Directly benefiting:

3,000 smallholders from oil palm development; 13,000 from oilseeds development

Cofinanciers:

OPUL: US\$70.38 million

Kalangala Oil Palm Growers Trust: US\$5.48 million

SNV Netherlands Development Organization: US\$285,000

Total cofinancing:

US\$76.145 million

Project phases:

Phase I (1997-2010)

Phase II (2010-2018)

main partners and has intervened when necessary to help address challenges and resolve disagreements.

Results

The oil palm investment in Bugala has had a notably positive and transformative effect on the socio-economic situation across the entire Kalangala District. In the 1990s and early 2000s, Kalangala was one of the poorest districts in Uganda (UNDP, 2014) with few livelihood options, weak infrastructure and a limited range of government services. Prior to the investment in oil palm development, most farmers were growing subsistence crops and had limited access to markets. Fishing was the major economic activity on Bugala, but over-exploitation meant that fish stocks were declining. Since oil palm investment by VODP got under way, about 1,800 households, out of a total of 6,000, have benefited directly as oil palm smallholders, while about 3,000 people have benefited indirectly through job creation.

Income has increased substantially

Oil palm farmers' net income after repaying their loans is about US\$700/ha. When loan repayments are completed, that income is projected to rise to about US\$1,500/ha. More than 3,000 people are employed at the nucleus estate and oil palm mill, as well as on smallholders' plots. Increased income has meant that households can now afford to improve their homes and pay for school fees and health services. Farmers have formed their own savings and credit cooperative and two financial institutions have opened branches on the island.

Economic gains have been shared across the district

The impact of oil palm development on the island has extended far beyond increased incomes for smallholders and workers involved in oil palm production. Preliminary results from an impact survey carried out in July 2016 by the Uganda Ministry of Agriculture, Animal Industry and Fisheries and the Uganda Bureau of Statistics show impressive progress in Kalangala District between 2000 and 2016, in both absolute and relative terms. Bugala Island now has 11 primary schools, two secondary schools and three vocational institutions, compared with one primary school and one secondary school in 2006. Forty-five per cent of the population in Kalangala now uses ventilated pit latrines, compared with a 9 per cent national average in 2014 (Uganda National Bureau of Statistics, 2014). On Bugala Island, 97 per cent of households now live in houses with permanent roofing, compared with a national average of 69 per cent in 2014 (ibid.).

Infrastructure has improved beyond the project area

Investment in infrastructure has accompanied oil palm development. Bugala now has regular ferry services and a 700 km road network, compared with only 70 km in 2000. Solar-generated electricity and clean water supplies are serving more than 30 per cent of households. As the overall economy has improved, there has been private investment in other services, such as mobile phone infrastructure, resulting in full coverage for all operators. Hotels and resorts have been built and tourism is emerging as a thriving new economic resource for the island.

Challenges and solutions

While VODP has produced substantive results and impact, the project has encountered some challenges, which led to long delays in implementation in both phases. This was the first public-private-producer partnership for Uganda in the agriculture sector and, in many respects, it was a first for IFAD. The complex nature of the four-way partnership between IFAD, the government, BUL and smallholders meant that it took considerable time – about five years – to build the trust needed to reach the necessary agreements and to make the partnership successful.

During Phase II, plans to expand oil palm production to Buvuma Island in Mukono District ran aground when land acquisitions for the nucleus estate took longer than envisaged and the private-sector partner withdrew. IFAD and the government had expected replication of the investment on Buvuma Island to be straightforward. However, the different socio-economic conditions – including higher population density, different land use patterns and tenure systems, and expectations generated by the success of the investment in Kalangala – had implications for the process of acquisition and compensation. When the private-sector partner withdrew, IFAD and the government agreed to withdraw Buvuma from the project. Reaching a new agreement with the private-sector partner was a prerequisite for the new national programme.

VODP attracted controversy during both phases. Oil palm is a controversial crop in other parts of the world, associated with environmental and social issues. Although these risks were managed by VODP in Kalangala, the project still attracted some adverse headlines. Early difficulties in managing the reputational risk associated with negative publicity led IFAD, the government and VODP to dedicate greater resources to communications, including the employment of a dedicated communications officer in the country programme.

Scaling up

The development of the oil palm subsector in Uganda is on a sound pathway for scaling up. The lessons learned from the successful testing of the innovative public-private-producer partnership in Kalangala District have provided a strong “proof of concept” for oil palm investment in the country. Considerable knowledge has been gained during the past 10 years about oil palm planting and maintenance, organization of smallholders, how best to build partnerships with the private sector, and roles and responsibilities of each partner.

The growing regional market for vegetable oil is spurring private-sector investment in the emerging oil palm industry. Combined with the commitment of the Government of Uganda and strong interest in the crop by smallholder farmers, this is driving plans to scale up the successes of VODP investment in oil palm to national level through the new National Oil Palm Programme (NOPP). Initially, the programme will replicate the Kalangala model on Buvuma Island, as had been planned during VODP Phase II, although with a higher ratio of smallholder plantations to nucleus estate. There will be a strong focus on further building and consolidating the capacity of smallholder growers and their organizations. Piloting modified business models, including relatively larger smallholder plantations and, eventually, stand-alone smallholder models, will be accompanied by particular

attention to learning and engagement at the policy level. The long-term policy goal is that lessons from the NOPP experience will inform the government's strategies for development of the oil palm industry and, more broadly, the promotion of large-scale private-sector investments in the agriculture sector.

Main lessons

Several lessons learned during the implementation of the pilot project in Kalangala will be applied in scaling up the oil palm investment nationwide:

- *Long-term commitment is required to build a solid and credible partnership.* By their nature, inclusive business models require consensus-building and alignment of different interests. Therefore, time was a critical element in the success of oil palm investment by VODP. The partners needed time to build trust. Farmers needed time to try out and accept new technologies. Crucially, they also needed time to change mindset and move from subsistence to commercial, business-oriented farming. It took time to build the knowledge and experience that has underpinned the success of the partnership.
- *Clear and transparent arrangements are fundamental.* Partnerships of the type established in Kalangala are primarily built on trust. Clearly defined roles and responsibilities, articulated in written agreements, as well as transparent and formal mechanisms for shared governance and decision-making, such as a fair and equitable pricing formula, are essential to build mutual trust among the different parties and establish win-win partnerships.
- *An appropriate institutional framework is necessary for governance and sustainability of oil palm investment.* A strong sense of ownership by smallholders of the oil palm business is key if they are to become partners, as opposed to beneficiaries, for the long term. At the same time, oil palm growers need efficient and effective services to guarantee the profitability of their enterprises. The right balance needs to be struck between an adequate sense of ownership by smallholders and an appropriate, business-oriented operating model, with professional management.
- *Oil palm investment can be environmentally friendly.* On Bugala Island, the nucleus estate and smallholders put in place the safeguards necessary to prevent soil erosion and degradation, silting of the lake, reduced forest cover, loss of biodiversity and pollution.

Conclusion

In spite of numerous challenges and considerable controversy, the oil palm investment under VODP and the 4Ps approach it tested have demonstrated that it is possible to develop an oil palm industry that is economically, environmentally and socially sustainable. The Ugandan Government, with IFAD support, plans to scale up oil palm development nationally – prompted by the success of the public-private-producer partnership, evidence that the nucleus estate-smallholder model works, evidence suggesting substantive benefits to rural communities, and the growing interest of private-sector investors. The proposed NOPP will be financed by a US\$60 million IFAD loan, a US\$20 million investment by the government and by leveraging private-sector investment estimated at more than US\$100 million.

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