

Promoting inclusive horticultural value chains in the former Soviet Union countries

An IFAD grant –supported activity

Call for proposals

July 2015

I. Objective of Call

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations dedicated to eradicating rural poverty in developing countries. The Near East, North Africa and Europe Division (NEN), one of the seven divisions in the Programme Management Department of IFAD, operates in low-income and middle-income developing countries of the Near East and North Africa (NENA), Central and Eastern Europe and the Newly Independent States (CEN). Currently, NEN has 44 projects in eighteen countries and one territory, in addition to 62 large and small IFAD financed grants amounting to a total value of loan and grant commitments equal to approximately US\$ 1.94 billion.

Since 1978, IFAD has used the grant portfolio to: support research-for-development and capacity-building programmes; test and disseminate innovative pro-poor agricultural technologies; develop new organizational approaches at the community level and beyond; and influence policy dialogue.

IFAD is mandated to focus on the rural poor and improve their productive capacities. Many of these poor are smallholders and, for the IFAD funded initiatives to raise their incomes, increasingly depend on their ability to understand and participate in the markets for their production. Even the poorest farmers typically have some connections to markets (formal and informal), although their main production may be subsistence oriented. Thus the key challenge is to ensure better and more profitable market integration for this group. IFAD has consequently worked to enable deeper integration of this group in relevant value chains, e.g. fruits, vegetables, livestock and crops. However, there are many constraints and failures in rural markets in the CEN region (and beyond) that make it difficult for them to do this.

Understanding how collective action can help address the inefficiencies, coordination problems or barriers to market access is particularly important and this grant will collate and disseminate key learnings on how best to use collective actions to promote profitable and inclusive value chains. The grant activity will utilise experience from relevant IFAD projects with horticulture value chain activities in Armenia, Georgia, Kazakhstan and Moldova.

This grant activity will complement and reinforce IFAD project experience by: (i) producing evidence, not only on what works, but also on the systemic and contextual factors that promote successful and profitable value chain integration; and (ii) make regional learning and sharing of experiences a core outcome, which individual projects (and country grants) are not resourced to do.

As with all IFAD funded development activities, a Results-Based Logical Framework has been used to guide the design and will provide a framework for managing this grant activity. The logical framework is summarized below and the full structure of the logical framework is provided in Annex 2.3.

Summary Logical Framework for Value Chain Grant Activity

Goal: Improved livelihoods for rural poor households		
Objective: Improve smallholders' incomes from value chain integration through the sustainable use of collective actions.		
Output 1: Increased awareness and learnings from collective action experiences in the 3 sub-regions	Output 2: Enhanced capacities of smallholders for strengthening value chain integration	Output 3: Adoption of successful pilot models
Indicative activities: <ul style="list-style-type: none"> • Mapping of different collective action groups and approaches supported by IFAD and others • Identification of policies and interventions that facilitate collective action for market access • Preparation of learning document on the successes and challenges • Recommendations on how to promote a pilot on collective action based on learnings from successes. 	<ul style="list-style-type: none"> • Preparation of a capacity development and value chain strengthening pilot • Identification of pilot participants in the NEN region, with Georgia, Moldova, Armenia and Kazakhstan already identified as potential countries. • Implementation of the capacity development (including training) 	<ul style="list-style-type: none"> • Technical support to farmers' groups and other collective action initiatives aimed at strengthening profitable value chain integration • Documentation of successes and failure and analysis of the validity of the outcome 1 findings from the mapping and documentation of the pilot experience. • Joint learning and knowledge sharing during events • Publication of final report on findings, conclusions and recommendations

The knowledge generation and dissemination processes will be based on the regional 'learning routes' as a tool for learning empowerment that has been pioneered in Latin America by the NGO Procasur (for more details see www.procasur.org).

Proposals for this grant should be guided by the indicative logframe and include reference to how the outputs, objectives and goals will be achieved. NEN would welcome constructive suggestions on how the logframe, particularly at activity level, could be improved to better achieve the grant activity goal and objectives.

Completion of the logical framework with suitable output and outcome indicators, and means of verification would be one of the first tasks for the successful applicant in elaborating their final proposal with IFAD assistance.

The programme would be financed through an IFAD grant of up to US\$ 1,500,000 plus significant co-financing from the grant recipient, with both in-kind and in-cash contributions, of at least to US\$ 250,000. The programme implementation period should not exceed 36 months starting in early 2016.

The selection process begins this competitive call for proposals open to organisations registered and working in Armenia, Georgia, Kazakhstan, Moldova and Russia. Applicants who have the required technical knowledge and skill are invited to submit a proposal following the instructions outlined in section IV.

The conceptual framework, overall strategy and expected outputs and activities of the programme are detailed in the concept note provided in Annex 1.

After the closure of the call, the proposals will be assessed using a set of pre-defined evaluation criteria and scored. The organisation which submits the highest ranking proposal will be selected as NEN's partner for final preparation of the grant design for approval by IFAD's Executive Board.

II. Selection Processes

A. Documentation required

A complete proposal must include the following documentation:

1. **Full design document** — a template is given in Annex II, including a summary sheet, a suggested table of contents and a results-based logical framework;
2. **Application form** — a template is provided in Annex III;
3. **Financial and legal information:**
 - i. Audited financial statements of the applicant for the last two years, including an audit report signed and dated by an external auditor (in PDF format and subsequently in hard copy if the proposal is approved for financing);
 - ii. Evidence of the legal status of the applicant (certified copy of the registration of the institute) or confirmation of the availability of this status. This evidence would have to be provided prior to finalization of the grant agreement.

B. Tentative timeline

The call will be open until 26 July 2015. Eligible institutions are requested to confirm their intention to submit a proposal by 13 July. Within two weeks of the submission deadline, all institutions submitting a valid proposal will be informed of the results of the selection process.

After completion of the selection process, staff from the NEN Division will work with the selected organisation to develop and adjust the full grant design including all required documentation for submission to: Quality Enhancement; Quality Assurance; and, Lapse of Time procedures by September 2015, for approval by IFAD's Executive Board in December 2015.

Tentative Timeline:

Qualification phase	
Indication of intention to bid	By 13 July
Submission of proposals	By 26 July
Selection phase	
Selection of the winning proposal	By 3 August
Approval phase	
Submission of the final design and support documentation	15 August
Approval of a large grant request	End of December 2015

C. Selection procedures

A panel of technical staff from within and outside the NEN Division will review all submitted proposals.

Note, only proposals that provide all the requested information under Section IV will be included in the detailed technical assessment.

Each panel member will assess each proposal independently using a pre-defined set of evaluation criteria outlined in Section D. After collation of the evaluation results, the panel will hold a meeting, chaired by the NEN Director, to discuss the results and identify the winning proposal by consensus as a recommendation to the NEN Director.

The NEN Director has the right to use a discretionary veto and reject the recommendation of the evaluation panel.

Kindly note that the proposal is subject to a series of internal approvals, which are based on minimum requirements. As a consequence of these reviews, the final design document will reflect the internal reviewers comments/suggestions.

D. Selection criteria

Proposals will be evaluated by an evaluation panel based on the following criteria.

Evaluation criteria	Maximum score	
1. Organisation experience including:		
(i) In the participating countries and horticulture or similar value chains	20	
(ii) Relevant organisation capacity including in-country resources	20	
(iii) Technical experience in delivering similar projects (value chains, learning processes, innovation dissemination,	20	
2. Compliance with IFAD policy on grant financing	5	
3. Approach and methodology		
(i) Response to concept note and proposed approach	10	
(ii) Innovative R&D and extension approaches	5	
4. Budget proposal and resources (including level of co-financing)	20	
TOTAL	100	

III. Conditions and Criteria

A. General Conditions

1. **Conflict of interest:** IFAD requires that the recipient(s) provide professional, objective, and impartial advice and at all times hold IFAD's interests paramount, strictly avoid conflicts with other assignments or their own corporate interests and act without any consideration for future work. The recipient has an obligation to disclose any situation of actual or potential conflict that impacts on their capacity to serve the best interest of IFAD, or that may reasonably be perceived as having this effect. Failure to disclose said situations may lead to the disqualification of the recipient or the termination of the grant agreement.
2. **Implementing partners:** To the extent eligible institutions deem it appropriate to partner with other institutions included or excluded from the list of institutions eligible for this call, they can do so. In this case, the applicant institution shall be responsible for the overall programme management, financial and technical reporting to IFAD and programme coordination, while the selected partner institution(s) will be sub-contracted by the applicant.
3. **Sub-contracting:** the recipient may choose to sub-contract any part of the services under this agreement to a person or entity. The lead recipient shall be fully responsible and liable for the delivery of the services performed by sub-contractors or on their behalf.
4. **Personnel:** The recipient shall assign and provide such qualified and experienced personnel and sub-contracted consultants as are required to carry out the services under this agreement. The key personnel indicated in the proposal shall not be substituted without the prior approval of IFAD. If for any reason beyond the control of the recipient, such as retirement, death, medical incapacity, among others, it becomes necessary to replace any of the personnel, the recipient shall promptly arrange for such replacement with a person of equivalent or better qualifications.
5. **Preparation of proposal:** the applicant shall bear all costs associated with the preparation and submission of their proposals and contract negotiation. IFAD reserves the right to annul the selection process at any time without thereby incurring any liability to the applicant. This call for proposals does not commit or obligate IFAD to award a contract.

By submitting a proposal, applicants agree to abide by all the conditions set forth by IFAD.

B. Framework for costing

Cost category	Principles for cost recovery
Direct costs are incurred for, and can be traced in full to, a specific project-related activity. Typically, this includes costs of staff or consultants assigned to the project, specific travel costs, and other costs directly related to implementation tasks.	All direct costs incurred can be charged directly to the grant and/or as co-financing.
Variable indirect costs , or 'Programme Support Costs', are incurred by the recipient organization as a function and in support of its activities, and cannot be traced unequivocally to specific activities. Typically this includes administrative costs, knowledge products deemed to be of support to the project.	All variable indirect costs/programme support costs should be recovered through the application of a management fee or service charge within the grant budget and/or as co-financing.

IV. Proposal Requirements

A. Summary

The applicant is requested to provide IFAD with the following information in the summary format provided in Annex 3:

1. Grant title
2. Name of the organization;
3. An abstract of approximately 250 words;
- 4, 5 & 6. Total budget (US\$), specifying the amount to be covered by IFAD and the amount to be covered by the applicant institution.

B. Applicant institution / organisation

The applicant is required to provide the following information:

1. Legal status of the organization (with specific reference to non-profit/for-profit status);
2. List of relevant projects in horticulture and similar value chains, and related knowledge management and innovative learning and extension activities that can show past and/or on-going experience in the field, with specific reference to the CEN region.

For each project, please indicate the client / funding agency, the budget for the applicant organisation activities, the year of the activities and the approximate professional inputs (in person months)

3. Current countries of operation and presence in the region (e.g. offices), if applicable.

C. Implementation arrangements

The applicant is required to state:

1. Bodies/divisions or offices that will participate in the organization of the programme;
2. Principal staff who will manage the programme and will be the point of contact with IFAD, specifying her/his current job position and contact information;
3. Main collaborators —add rows as needed to state names, current job positions and roles/main responsibilities in the programme, for the proposed staff participating in the programme and indicate it in the application form.;
4. For each nominated principal staff, main collaborators and implementing staff from collaborating partner institutions, attach a curriculum vitae (approximately 3-4 pages) detailing qualifications, recent training and relevant professional experience, signed by the nominated person.
5. A summary table showing:
 - a. The names and project positions for the main implementing staff
 - b. Their allocated tasks
 - c. Current professional commitments of the proposed collaborators
 - d. Proposed inputs (and timing)

D. Partner Institution (if applicable)

The applicant must provide the following information:

1. Name of the partner organization;

2. List of relevant projects in horticulture and similar value chains, and related knowledge management and innovative learning and extension activities that can show past and/or on-going experience in the field, with specific reference to the CEN region;
3. Current countries of operation and presence in the region (e.g. offices), if applicable.
2. Leader of the team in the partner organization including contact details;
3. Brief description of the role to be played by the partner in the programme;
4. Budget to be sub-contracted.

V. Proposal submission

Proposals must be sent via email to Ms Dina Saleh, Country Programme Manager and Grant Programme Originator (email: d.saleh@ifad.org; tel. +39 06 5459 2780) copied to Mr Vrej Jijyan (email: v.jijyan@ifad.org; tel. +39 06 54592158). Proposals must be received by 5 pm Rome (Summer) time on 26 July 2015.

Should you not receive a confirmation of receipt, please contact Ms. Saleh directly.

ANNEX I GRANT CONCEPT NOTE

1. Name Originator: <i>Dina Saleh</i>	
3. Title of the proposal: <i>Promoting inclusive horticulture value chains in the former soviet union countries</i>	
4. Value of IFAD grant: <i>USD 1.5 million</i>	
6. Implementation period: Start 2016 to end 2018 (up to 36 months)	
8. Selected Strategic Direction: 2. Value Chains	
9. Window: Global/Regional	
<p>11. Background/relevance: <i>(also describe how the project directly responds to 8. (Selected strategic Direction), how it contributes to achieving the outputs of the grant policy and other IFAD priorities)</i></p> <p>Countries of the former Soviet Union, whether situated in Eastern Europe, Caucasus or Central Asia (making up the CEN region in IFAD) are typically characterised by small land-size holdings and ‘<i>low inputs and low outputs/productivity.</i>’ Smallholder farmers are the main unit of agricultural production in these countries providing around 70% of the agricultural output and on average, 50% of the labour force. This is the profile of the countries prioritised for this grant that belong to different geographical regions but nevertheless, share common economic realities inherited from the Soviet era. In 2014, these countries have opted for different economic relations with Georgia and Moldova signing the EU Association Agreement while Armenia and Kazakhstan became members of the Eurasian Economic Union. Notwithstanding, they all largely rely on the same market for agricultural exports, that is Russia; over 40 percent of their agricultural exports is channelled to the Russian market.</p> <p>In a substantial part of the CEN region, there are historical and cultural barriers that may pose particular intractable challenges in promoting collective actions, here understood as an action taken together by a group of people whose goal is to enhance their status (income/bargaining power) and achieve a common objective. The Soviet experiences of collective farming are still alive among farmers. In particular the cooperatives, often known as Kolkhozes, forced farmers together in rather inefficient groups that more resembled factories with party officials dictating production methods and targets. Today, farmers in the regions are far more individualistic and perhaps as a reaction to years of forced collectivization, reluctant to enter into formalized cooperation models that could resemble the dreaded Kolkhoz experiences. Moreover, there are several examples of donor interventions (IFAD included) that have promoted agricultural cooperatives, which ultimately had limited sustainability once donor support was withdrawn.¹ Similar experiences have been seen in attempts to create sustainable water user associations. One of the main drawbacks, is that too often individual projects have, due to resource and time constraints, failed to properly analyse the institutional, cultural and economic challenges resulting in compromised sustainability.</p> <p>Furthermore, it is becoming increasingly evident that smallholders are at risk of becoming marginalized with the advent of higher standards, traceability requirements, consistency in quantity and quality as well as the need for better information on changing market conditions. Individually, smallholders are here placed at a disadvantage, as there are often significant economies of scale in complying with these requirements, beside the fact that many buyers in the value chain may outright refuse to deal with smallholders given the high transaction costs. If these challenges are overcome, enhanced marketing opportunities in the Russian market and the broader Eurasian Economic Union could materialize. There are also new market openings for smallholders following preferential access treatment under Association Agreements with EU, the world’s single largest market.</p> <p>IFAD is mandated to focus on the rural poor and improve their productive capacities. Many of these are smallholders and for IFAD to raise their incomes increasingly depends on their ability to compete in the market.</p>	

¹ IFAD promoted collective actions ‘has a mixed record of providing small-scale farmers with sustainable benefits through access to dynamic markets: See IFAD ‘Sustainable inclusion of smallholders in agricultural value chains’ October 2014

Even the poorest farmers typically have some connections to markets (formal and informal), although the main production may be subsistence oriented. Thus the key challenge is to ensure better and more profitable market integration for this group. IFAD has consequently worked to enable deeper integration of this group in relevant value chains, e.g. fruits, vegetables, livestock and crops. However, there are many failures in rural markets in the CEN region (and beyond) that make it difficult for them to do this. Understanding how collective action can help address the inefficiencies, coordination problems or barriers to market access is particularly important and this grant will aim at providing key learnings on how best to use collective actions to promote profitable and inclusive value chains. This grant will thus seek to complement projects by producing evidence, not only on what works, but also on the systemic and contextual factors that promote successful and profitable value chain integration and make regional learning a core outcome, something that individual projects (and country grants) cannot do. This knowledge generation and dissemination will be based on the regional ‘learning routes’ as a tool for empowerment, that has been pioneered in Latin America by the NGO Procasur (for more details see www.procasur.org).

With this intervention, we will gather empirical evidence on the role of collective action institutions in improving market access for the rural poor. By applying insights from case studies of collective action in especially fruit and vegetable value chains, this grant will examine what conditions facilitate effective producer organizations for smallholders’ market access, with special attention to the characteristics of user groups, institutional arrangements, types of products (staples, perishables and other commodities), markets (local, domestic and international), and external environment. The regional grant will also identify policies and interventions that facilitate collective action for market access among smallholders, and examines whether the public sector, private sector and/or civil society is best positioned to provide such interventions.

In particular, the grant will seek to determine (a) the most appropriate types of organization; (b) whether organization makes less or more sense in the case of producers of an undifferentiated commodity or a higher value product; and (c) the conditions necessary for ensuring their economic viability.

A two-phased approach is envisaged, with the first phase being a mapping and documentation phase. Here the project will identify the various characteristics of attempts to promote collective action and seek to provide a credible theory of successful change that leads to better value chain integration of smallholders. The second phase will consist of capacity development and learning route interventions to groups of smallholders based on the learnings emanating from the mapping and documentation phase. This will be part of a pilot to attempt to transfer successful practices and in the process also test the validity of the findings from the first phase. The grant will also use the IFAD-PTA produced toolkit on value chains to test and inform the guidelines with the particular experience from the CEN context and with a collective actions emphasis.

12. Direct and indirect target group: *(describe and provide indicative numbers, disaggregated by gender/marginalised group, as applicable)*

The direct key benefits will accrue to smallholders on how to successfully and profitably integrate into value chains through collective action approaches that have been piloted by IFAD. These smallholders will see their incomes rise and resilience improve, by being able to take advantage of new and deeper market linkages and integration. However, the actual number of beneficiaries participating in the pilot may be comparatively low (8 to 16 groups in 4 countries), but the learning routes have demonstrated their robust potential for scaling up.²

In order to come up with the selection of these groups, the project should involve larger number of farmers (around 200 per country) and involve them in awareness raising and capacity building activities (Outcome 1&2).

The other links in the value chains will also benefit from having new entrants both as buyers (e.g. input suppliers having new customers) and sellers (e.g. marketing and exporters having new sources of produce with new characteristics), which will benefit the whole value chain.

The more systemic benefits materialise in the important learnings that the grant will generate that will inform all of IFAD’s work with smallholders’ integration into value chains. Thus, it is the ambition to produce robust evidence on appropriate approaches and methods for strengthening smallholders’ bargaining position in increasingly

² On average the groups will have 10 members each of which a minimum of 30% should ideally be women.

commercialised agricultural value chains with ever higher standards being demanded.

13. Goal, objectives and expected outcomes: *(describe goal, objectives and outcomes)*

The need to strengthen the ability of especially smallholders to profitably integrate in value chains has emerged almost everywhere where IFAD has been active. This is especially pertinent as IFAD strategy is to assist the rural poor in benefiting from the emerging opportunities and increase their resilience through e.g. value chain integrations. Facilitating the achievement of this outcome is conditional upon IFAD and its partners being able to encourage smallholders to enter into agreements that often will require more binding collective actions than they are used to and may also encounter some reluctance, which has historically proved challenging to overcome. Consequently, IFAD will focus on first mapping and learning from past successes and failures which will inform a subsequent capacity development pilot. The pilot will be providing value information about how best to assist smallholders from value chain integrations, using collective actions. The objective hence is:

Improve smallholders' incomes from value chain integration through the sustainable use of collective actions.

It is expected that there will be three outcomes around:

Outcome 1: Increased awareness and learnings from collective action experiences in the 3 sub-regions

Outcome 2: Enhanced capacities of smallholders for strengthening value chain integration

Outcome 3: Adoption of successful pilot models

14. Key activities by component: *(describe key activities by component)*

The activities are organised according to the outcomes of the grant:

Phase 1:

Outcome 1: Increased awareness and learnings from collective action experiences in the 3 sub-regions:

- Mapping of different collective action groups and approaches supported by IFAD and others
- Identification of policies and interventions that facilitate collective action for market access
- Preparation of learning document on the successes and challenges
- Recommendations on how to promote a pilot on collective action based on learnings from successes.

Outcome 2: Enhanced capacities of smallholders for strengthening value chain integration

- Preparation of a capacity development and value chain strengthening pilot
- Identification of pilot participants in the NEN region, with Georgia, Moldova, Armenia and Kazakhstan already identified as potential countries.
- Implementation of the capacity development (including training)

Phase 2:

Outcome 3 Adoption of successful pilot models

- Technical support to farmers' groups and other collective action initiatives aimed at strengthening profitable value chain integration
- Documentation of successes and failure and analysis of the validity of the outcome 1 findings from the mapping and documentation of the pilot experience.
- Joint learning and knowledge sharing during events
- Publication of final report on findings, conclusions and recommendations

15. Rationale for recipient selection and recipient capacity: *(also describe whether a competitive process was or will be used to select the recipient. If not, why not? Describe the criteria that was used (or will be used) to select the recipient competitively)*

An invitation to bid will be issued to relevant institutions from Armenia, Georgia, Kazakhstan, Moldova and Russia with proven track record in value chain support in the region. The rationale behind adding Russia as a recipient along with the targeted countries by this proposal is that Russia is a strategic partner to IFAD and maintains close trade and investment linkage in the former soviet union countries. Russia expressed keen interest in matching IFAD financial resources in pursuit of better economic integration among the former soviet union countries. Therefore, substantial co-financing is likely to materialise to expand the outreach and deepen

the impact of the proposed grant activities.

In addition, it is preferred that the recipient institution to be an Agricultural Research/ Scientific institution from the above mentioned countries given their recognised capacities, knowledge of post-soviet space peculiarities, as well as the potential role that Agricultural Institution could play in facilitating exports from these countries to the Russian market. This will also contribute to institutionalisation of trade relations and support regional integration.

16. Project cost: *(provide approximate breakdown by year and category of expenditure. Include also indication on the use of co-financing, as applicable)*

USD 1.5m from IFAD financing. In addition, in-kind contribution from the recipient institution and participating countries amounting to an additional USD 250,000 is envisaged.

The overall budget for the Project shall be as follows:

Category of Expenditure	Amount (in USD)	Year 1	Year 2	Year 3
I. Consultancies	300,000	75,000	150,000	75,000
II. Training	575,000	175,000	200,000	200,000
III. Equipment& Materials	50,000	0	25,000	25,000
IV. Goods,Services, input	250,000	75,000	125,000	50,000
V. Salaries & Allowances	175,000	50,000	75,000	50,000
VI. Operating Costs	150,000	50,000	50,000	50,000
Total	1,500,000	425,000	625,000	450,000

17. Risks: *(describe: a) the main risks associated with this project and b) potential mitigation measures)*

A project risk is that adoption of the successful models identified be limited. At times the historical, institutional and economic contexts are so unique and specific, that attempts to simply transfer ‘best practices’ may not be possible. E.g. the success of the cooperatives in EU has often been used as an argument for transferring this model to targeted countries but with limited success. This is a significant risk that will be mitigated through a gradual approach taking smallholder’ current situation as the starting point and see how the identified models and approaches can be fitted to this concrete context. It will hence not utilise a best-practice approach but rather a best-fit approach.

Meanwhile, during the course of the project implementation, empirical evidence gathered might suggest that the existing policies in the targeted countries are not conducive for the final objectives of the grant. Also, the target countries may be relying on the same export markets but they also belong to deeply different economic partnerships/agreements, with a very different policy environment.

18. Monitoring & Evaluation, Knowledge Management and Learning: *(describe how results will be measured, data will be collected and lessons learnt will be shared.)*

Day to day monitoring will be done by the implementing agency which will be in close contact with relevant IFAD and project staff ensuring continuous dialogue and monitoring over and above quarterly progress reports. As stated above several joint learning events will be hosted where stakeholders from both inside and outside IFAD will participate, allowing for scaling up, institutionalisation in other programmes, utilising the learning routes methodologies amongst others.

The applicant should elaborate the Knowledge Management process and identify the necessary steps to document the experience and lessons learnt from the project, as well as should organize a cross country exchange of information and knowledge on the best practices to organize farmers in the targeted countries.

19. Supervision modalities: *(describe modalities and confirm that the division will release budget for supervision)*

The project will be directly supervised by the Country Programme Manager (CPM) for Georgia and for the Republic of Moldova in collaboration with the CPMs for Armenia and Kazakhstan. IFAD will organize joint missions and meetings in the targeted countries with respective County Programme Managers. IFAD has allocated resources, currently available under the front office budget, specifically for the supervision of the grant's activities.

20. Linkages: *(describe whether there are linkages to country programme / project activities and to other development initiatives/interventions. If not, why not? Are any linkages planned?)*

There should be a strong linkages with IFAD country programmes in the targeted countries, as the mapping and documentation will focus strongly on the relevant projects and this area and also select the pilot beneficiaries among ongoing project participants. The pilot will learn from existing smallholder collective action approaches within and outside the CEN region as well as from both IFAD supported and other similar programmes. It will continuously stay engaged with these and ensure cross-fertilisation of knowledge produced. Several joint learning events will be hosted where stakeholders from both inside and outside IFAD will participate, allowing for scaling up and institutionalisation in other programme. Ultimately, it will contribute to the South-South learning agenda.

This grant will promote a global good (knowledge) related to IFAD's core mandate of lifting the rural poor out of poverty through enhancing their productive capacities. It is clearly not feasible to use country specific loans for regional knowledge generating pilot and it will clearly not substitute the administrative budget. Hence the grant is in line with the basic strategic direction for IFAD grant in 2015. It will clearly also promote the IFAD priority area of fostering 'stronger linkages between smallholder farmers and rural producers within value chains' as it will produce knowledge and learning routes that will enable upscaling of successful models and concepts to a wide audience among IFAD's target group. It will also support the 'empowerment of farmers' as learnings of what works in value chain integration of smallholders will lead to improved incomes and market participation. This will also assist in better leveraging the rural-urban nexus and improve the resilience of smallholders, as they will be able to capture the gains from the transformative changes currently taking place, during which largely urban demand is driving increasingly commercialised and standardised value chains. The grant is hence fully consistent with and supportive of the Presidential memo providing strategic guidance for IFAD grants in 2015 (issues 18/12/2014).

It will also promote the outcomes set out in the grant policy as the intervention will support IFAD's Strategic Objective (SO) 1 by increasing smallholders' economic base through better value chain integration. This will also aim to increase their resilience in terms of managing and profiting from the ongoing market transformation, which expose especially smallholders to increasing demands on e.g. standards and consistency of quality and quantity. The grant will enhance their access to services within the value chains (from e.g. input suppliers and marketing agencies), thus raising incomes and building resilience; the key intention of SO 2. Finally, by having stronger collective actions, smallholder farmers and their organisations will be better able to manage profitably their farms. This is fully supportive of SO 3. The capacity development interventions will also increase management skills of the farmers ensuring profitability and sustainability again supporting SO 3.

In terms of thematic areas, this will obviously be within (i) integration into local national and international values chains but also (ii) Technical and vocational training and (iii) empowerment of rural poor people and organisations.

21. Scaling up: *(describe potential and pathways for scaling up)*

This grant offers an opportunity for IFAD to engage with non-lending instruments with former Soviet countries. The findings and knowledge generated will feed into the policy dialogue with the respective Governments in one of the most pressing topics of turning smallholder production into profitable farming businesses. There is also potential to engage with other former Soviet countries drawing from this experience as they have all experienced more or less similar post-Soviet challenges to Agriculture development.

The learnings will be considered in the designs of future programmes. In addition, the regional implementing institution will be able to use this experience to facilitate access to predictable markets not only for these

countries but also the wider region to support regional integration and facilitate regional trade.

22. Sustainability: *(describe how sustainability is pursued/ensured)* Agriculture activity continues to be the main source of livelihood for these countries but given the low productivity and inefficient farming practices, producers face strong competition, are at risk of losing their traditional export markets and encounter difficulties to diversify and enter new markets. This is driving smallholder producers to acknowledge the necessity of getting organised and achieving economies of scale. The investment will capitalise on this momentum and equip smallholders with techniques and information to organise themselves into effective and commercially-viable production units/ entities. It is worth noting, that these countries have put in place updated or new cooperative laws with incentives such as tax exemptions and access to cheaper credit creating a conducive framework to ensure sustainability.

In addition, one of the aims of this grant is draw upon the experiences/ lessons from past and on-going IFAD programmes in these countries and building on its own analysis and findings, will be used to inform future investments with context-specific models/ solutions in VC development in the region.

23. Other aspects: *(describe any other aspects that can further strengthen the proposal, for example in terms of innovation, partnerships and contribution to a public good related to IFAD's strategic priorities)*

The innovations are most likely to multiply and will be identified partly in the documentation and mapping phase where the grant will define innovative and sustainable models that are suitable for replication and wider learning routes application that will benefit smallholders directly (e.g. target beneficiaries) and through scaling up (using e.g. learning routes more widely). It is premature to identify and detail the exact institutional innovations that can be upscaled and replicated, as this will also depending on the context. However the grant will plug a knowledge and learning gap that will stimulate cross-fertilisation across boundaries and sectors.

ANNEX II. GRANT PROPOSAL DOCUMENT

2.1 Summary Sheet

Grant Title:	
Recipient organisation:	
IFAD Originator / Sponsor	D. Saleh
Grant Objectives and links to the Strategic Objectives (see Grant policy and concept note)	
Beneficiary Countries	Armenia, Georgia, Moldova and Kazakhstan
Proposed IFAD Grant	
Co-financing	
Total Programme Cost:	
Projected Executive Board Date	Dec 2015
Programme Duration:	
Target Group and Benefits:	
IFAD Projects Likely To Benefit:	
Supervision arrangements:	

2.2 Suggested Table of Contents

	Length
ACRONYMS	
I. BACKGROUND	1-2 paras
II. ORGANISATION EXPERIENCE	4 pages
A. Horticultural value chains	1 page
B. Analysis of learning processes, innovation and increasing adoption	1 page
C. In target countries and CEN	½ page
D. With development partners and responsible government agencies	1 page
E. Professional capacity and support	½ page
III RATIONALE: RELEVANCE, LINKAGES	<i>2 pages</i>
A. Link to outputs of grants policy and corporate priorities	1-2 paras
B. Contribution to country programmes and, planned and ongoing projects	1-2 paras
C. Rationale for project and for grant financing	2-3 paras
III. PROPOSED PROJECT APPROACH	3 to 3½ pages
A. Response to concept note and analysis of proposed project approach	1 page
B. Strategy, approach/methodology	2-3 paras
B. Target group	2-3 paras
C. Overall goal and objectives	2 paras
D. Project outcomes	3-4 paras
E. Project activities	4-5 paras
IV. PROJECT IMPLEMENTATION ARRANGEMENTS	<i>2 to 2½ pages</i>
A. Implementing organisation(s)	3-4 paras
B. Project management and implementation period	3-4 paras
C. Monitoring, evaluation and reporting	3-4 paras
D. Indicative workplan (including table showing timing of key activities)	2-3 paras
V. PROJECT COSTS AND FINANCING	<i>1 to 1½ pages</i>
A. Project costs by component/activity (text and table)	3-4 paras
B. Project financing	3-4 paras
(Including table showing proposed by category of expenditure for IFAD and other financiers)	
VI. FINANCIAL GOVERNANCE	<i>1½ to 2 pages</i>
A. Procurement procedures for goods, services and human resources	2-3 paras
B. Financial management system, including accounting specifications	3-4 paras
C. Audit arrangements	1-2 paras
VII. SUPERVISION AND KNOWLEDGE MANAGEMENT	<i>1 page</i>
A. Supervision arrangements	2-3 paras
B. Lesson learning and knowledge management	2-3 paras
<i>Total</i>	<i>11-13 pages</i>

ANNEXES

1. Applicant and partner organisation experience sheets
2. Curriculum vitae of all proposed management and implementation staff

2.3 Results-Based Logical Framework – max. 3 SMART outcome indicators for each output

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Improved livelihoods for rural poor households	<i>What are the key indicators related to the goal?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	
Objectives	Improve smallholders' incomes from value chain integration through the sustainable use of collective actions.	<i>What are the key indicators related to the objectives? Which indicators clearly show that the objective of the action has been achieved?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	<i>Which factors and conditions outside the recipient's responsibility might affect the achievement of the objectives? (external conditions) Which risks should be taken into consideration?</i>
Output 1	Increased awareness and learnings from collective action experiences in the 3 sub-regions	<i>What are the indicators to measure whether and to what extent the action achieves the expected results?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	<i>What external conditions must be met to obtain the expected results on schedule?</i>
Indicative Activities 1	<ul style="list-style-type: none"> • Mapping of different collective action groups and approaches supported by IFAD and others • Identification of policies and interventions that facilitate collective action for market access • Preparation of learning document on the successes and challenges • Recommendations on how to promote a pilot on collective action based on learnings from successes. 	<i>What are the indicators to measure the key activities undertaken?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	<i>Which pre-conditions must be met before the action starts</i>
Output 2	Enhanced capacities of smallholders for strengthening value chain integration	<i>What are the indicators to measure whether and to what extent the action achieves the expected results?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	<i>What external conditions must be met to obtain the expected results on schedule?</i>
Indicative Activities 2	<ul style="list-style-type: none"> • Preparation of a capacity development and value chain strengthening pilot • Identification of pilot participants in the NEN region, with Georgia, Moldova, Armenia and Kazakhstan already identified as potential countries. • Implementation of the capacity development (including training) 	<i>What are the indicators to measure the key activities undertaken?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	<i>Which pre-conditions must be met before the action starts</i>
Output 3	Adoption of successful pilot models	<i>What are the indicators to measure whether and to what extent the action achieves the expected results?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	<i>What external conditions must be met to obtain the expected results on schedule?</i>
Indicative Activities 3	<ul style="list-style-type: none"> • Technical support to farmers' groups and other collective action initiatives aimed at strengthening profitable value chain integration • Documentation of successes and failure and analysis of the validity of the outcome 1 findings from the mapping and documentation of the pilot experience. • Joint learning and knowledge sharing during events • Publication of final report on findings, conclusions and recommendations 	<i>What are the indicators to measure the key activities undertaken?</i>	<i>What are the sources of information for measuring progress against these indicators?</i>	<i>Which pre-conditions must be met before the action starts</i>

ANNEX III APPLICATION FORM

A. SUMMARY		
1. Name of the organization:		
2. Proposed Project title:		
3. Abstract (approximately 250 words):		
4. Total budget	US\$	
5. Applicant contribution	US\$	
6. Amount to be covered by IFAD	US\$	
B. APPLICANT ORGANISATION / INSTITUTION		
1. Legal status of organisation(s):		
2. List of track record and references to projects in horticultural value chains:		
3. Current countries of operation:		
C. IMPLEMENTATION ARRANGEMENTS		
1. Organisations participating in project:		
(i)		
(ii)		
(iii)		
2. Programme Manager	Name:	
	Job title:	
	Contact: (email)	Phone:
CV has to be attached	(YES)	
3. Main collaborators (i)	Name:	
Job title:		
Main responsibilities:		
CV has to be attached	(YES)	
Collaborators (ii)	Name:	
Job title:		
Main responsibilities:		
CV has to be attached	(YES)	
D. PARTNER INSTITUTION (if applicable)		
1. Name of the organization		
2. Leader of the team	Name:	
	Contact: Email Phone	
	Job title:	
3. Role in the research project:		
4. Budget to be sub-contracted:		

PRINCIPAL MANAGER'S AGREEMENT – Signature is not required if the proposal is transmitted by email by the PM.

By signing or by electronic submission, I certify that the information provided herein is correct to the best of my knowledge.

Signature of PM: _____ Printed name: _____

Date: