

**Grant Proposal – Summary Information**

**Project Name:** Farmer Service Center for promotion of entrepreneurship among organized farmers

**Organization Name:** Agriterra

**Institutional Official authorized to submit and accept grants on behalf of the organization:**

<b>Prefix</b>	<b>Dr.</b>	<b>First name</b>	<b>Kees</b>	<b>Surname</b>	<b>Blokland</b>	<b>Suffix</b>
<b>Title</b>	<u>Managing director</u>			<b>Telephone</b>	<u>+31263542002</u>	
	<u>Willemsplein 42</u>			<b>Fax</b>	<u>+31264455978</u>	
<b>Address</b>	<u>6811 AD ARNHEM</u>			Please note Agriterra is ISO 9001:2000 certified		
	<u>Netherlands</u>					
<b>E-mail</b>	<u>blokland@agriterra.org</u>					
<b>Web site</b>	<u><a href="http://www.agriterra.org">www.agriterra.org</a></u>					

**Project Director/Primary Contact:** Frank van Dorsten

<b>Prefix</b>	<b>Ir.</b>	<b>First name</b>	<b>Frank</b>	<b>Surname</b>	<b>Van Dorsten</b>	<b>Suffix</b>
<b>Title</b>	<u>Head of projects</u>			<b>Telephone</b>	<u>+31263542005</u>	
	<u>Willemsplein 42</u>			<b>Fax</b>	<u>+31264455978</u>	
<b>Address</b>	<u>6811 AD ARNHEM</u>					
	<u>Netherlands</u>					

**E-mail** vandorsten@agriterra.org

**Web site** [www.agro-info.net](http://www.agro-info.net)

**U.S. Tax Status** (Refer to [Tax Status Definitions](#)): Public Charity

**Geographic Location(s) of project:** Sub-Saharan Africa

<b>Amount Requested From Foundation (\$USD):</b>	<u>\$ 9.812.477</u>	<b>Project Duration (months):</b>	<u>48</u>
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<b>Estimated Total Cost of Project (\$USD):</b>	<u>\$ 23.500.000</u>
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<b>Organization's total revenue for most recent audited financial year (\$USD):</b>	<u>Agriterra: 14,030.642 *) see Appendix C-c</u>
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**Charitable Purpose:**

Promote *capacity and motivation* for entrepreneurship for more farmers, and improve their position towards and in coordination with major donors

## Project Description

The project will allow the creation of an independent Farmer Service Centre (FSC), steered by representative farmers' organizations (PO's). Agri-agencies will support this process of setting-up the new FSC. The FSC will be mainly staffed with local capacity and with a strong focus on upgrading existing farmer expertise. The FSC will serve farmer organizations on their demand. In this project proposal a limited number of activities of the FSC and of the involved PO's are included (membership drive for economic activities, strengthening institutional linkages with financial institutions, improving donor coordination for support to PO's and up scaling impact measurement).

These FSC has two direct objectives:

- to strengthen particularly the economic role of the participating farmers' organizations
- to support PO's in organizing more farmers and to intensify and upscale decentralized service delivery to farmers, mainly to promote their entrepreneurship.

Furthermore, the FSC will equally assist in more effective and efficient aid processes, in coordination of local stakeholder interaction and in up scaling of pro-poor monitoring.

The participating "representative organizations of farmers" are nationally relevant organizations of producers and of rural people and their economic initiatives (e.g. commodity linked producer groups, coops...). With agri-agencies we refer to development agencies belonging to the farmers' organizations in OECD countries, for mobilization of financial and technical resources (with a focus on peer-to-peer farmers advisory services).

Taking into account specificities of countries and regions, and the priorities of the participating farmers' organizations, the FSC:

- will initiate, deliver and/or facilitate advisory services and training activities on demand of farmers' organizations and mainly based on local capacity and expertise;
- will facilitate grants directly towards farmers' organizations for delivering to their farmers or to exercise economic activities (learning by doing)
- can also host or intermediate commercial initiatives, led/controlled by the participating farmers' organizations;
- will play a pro-active role in coordination among donors, will cater for farmer participation in policy making at donor level and will support pro poor monitoring of all initiatives by farmers' organizations.

The project hopes to contribute in this way to a more efficient, sustainable, independent institutional local fabric for serving farmer organisations and their needs and to integrate them more effectively in the multi stakeholder processes on all levels.

Agriterra, being steered by farmer organisations and having the experience for supporting farmer controlled initiatives, is well placed to facilitate these innovative institutional processes. Moreover Agriterra can rely on the pooled expertise of other agri agencies and on the professional coordinating function of Agricord. New approaches will be tested to stimulate the economic independence of the FSC, e.g. working with voucher systems to provide services to farmer organisations.

## Grant Proposal - Narrative

### I. Background and Rationale

#### The challenge

Clear challenges exist on the economic and on the institutional level for agriculture to exploit its poverty reduction potential. AgriCord wants to strengthen local dynamics to overcome some of these hindrances by strengthening organized farmers and their position. Indeed, scientific research concludes that the existence and role of associations, referring to membership based entities, especially those open ones that have members that have multi-stranded relations and participate in associations of all kinds at the time, are essential for development. The thesis is that the free association of farmers in agrarian economies provide for more growth, an improved income distribution and democratic development.

The main economic challenge is the lack of increased productivity of small holders, mainly caused by market failures and by social issues like gender, and by the limited capacity of organized farmers to upscale their own (collective) solutions.

Smallholder and emerging farmers have to operate in a difficult market environment with frequent market failures: input and service delivery is weak, market prices increasingly volatile and output markets characterized by high transaction costs including local physical and fiscal hindrances. On the other side, traders, processors or retailers are often very well organized and strong actors in commodity chains. The government is often absent to correct the market failures, and its role in that matter is anyhow very contested. Farmer organizations are very appropriate actors to take up action.

For farmers to take up that role and to become more productive and better integrated in markets individually and as a group, they must have access to better services and to appropriate training, in an enabling entrepreneurial environment. This implies firstly improved direct training and demonstration, input distribution and follow up of farmers via their organizations. It also includes that organized farmers are stimulated to take up their role as entrepreneurs in the market, and thus the promotion of the entrepreneurship of farmer organizations on both sides (input supply as well as marketing).

This program believes that farmers' organizations can initiate relevant economic initiatives and facilitate private sector development, resulting in an enabling environment for their member farmers to be more productive.

#### Existing support and evolution in type of support

Many projects and agencies have tried to support or create dynamics to overcome some of the hindrances for more entrepreneurship at the level of farmers. Multiple factors have made many of the efforts not effective or not sustainable. Recurrent problems have been the lack of investments at local decentralized levels; unsustainable project structures for service delivery; lack of coordination between aid flows; lack of pro poor efforts; lack of interaction between the different stakeholders involved in agriculture; lack of shared and owned vision on the type of agriculture different stake holders are heading for; and lack of demand driven services for farmers and finally the overall negligence of investing in economic activities of farmer organizations.

AgriCord, including Agriterra, have done specific efforts to overcome some of these issues. In the last decade, growing direct support to farmers' organizations has been provided by individual agri-agencies, later coordinated within AgriCord<sup>1</sup> and supported by bilateral ODA, has led to a situation in which there is a clear and coordinated knowledge of the existing farmers' organizations. The agro-info.net on line database contains 233 references to farmers' organizations (rural people's organizations) from 30 African countries. In Sub-Saharan Africa the agri-agencies currently support more than 70 producer organizations, in 18 countries, plus 3 sub regional producer platforms. The majority are national bodies, encompassing many associations and federations. AgriCord and particularly Agriterra have equally done efforts in its past and current programs to support PO's to decentralize their services to farmers, be it economic or more social type of support and to organize more farmers.

Evaluative research by the Royal Tropical Institute (2008) on the support program of AgriCord, has shed light on the lessons learnt in the support of organized farming. The research included to assess the wishes among farm leaders with regards to the type of desired support. The results underscore the agri-agencies' approach in economic development at grass root level and for investments in economic 'pilot learning by doing' activities of farmer organizations, apart from institutional and organizational strengthening.

The evaluation came up with more general conclusions and recommendations as well:

- The potential of strengthening farmers' organizations for poverty reduction was confirmed and the attention or intended attention that farmer organizations want to give in future to specific vulnerability aspects and to specific groups was stressed (such as gender, land tenure, young farmers and HIV/AIDS).
- The need to understand better the poverty context and the role of agriculture for poverty reduction, and the need for more specific monitoring of pro poor aspects in projects and programs was brought forward.
- The need of alignment of support projects with the strategic plans of producer organizations was confirmed, producer organizations needing to be in the driver's seat when developing and implementing projects.
- Need for increased political independence and institutional capacity building of the farmers' organizations was confirmed, with specific attention to younger generations.
- Need of more intensive inclusion of all local and national farmer steered organizations and initiatives within the efforts for support to farmer organizations.
- The need for multi stakeholder involvement and the need of the voice of farmers for the proper focus of this process especially at grassroots level.
- The need for strengthened interaction of farmer organizations at sub regional level.
- The concern to position and take into account the role of emerging Southern Agri agencies.

The conclusions of the evaluation reorient the general development cooperation approach in a direction of more coordinated efforts (including locally grown service delivery), for:

- strengthening the pro-poor local economic strategies of farmer organizations and to include more (unorganized) farmers;
- including promotion of their role in the market and as entrepreneurs;

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<sup>1</sup> [www.AgriCord.org](http://www.AgriCord.org)

- strengthening their independent position towards stakeholders and donors at regional, national and local levels.
- Coordination of demand driven services and prevention of unsustainable project structures for service delivery.

### **Contribution Agricornod**

A new phase starts now in which renown established national farmers' organizations at all levels will play their envisaged role in the development effort, involving organized farmers at all levels. In particular, this project will allow farmers' organizations to have independent, coordinated operational structures for demand driven service delivery and marketing, at the producers' level. For the emerging private sector, as well as for NGO's and other external service deliverers, the "Farmer Support Center" will facilitate and optimize their business and efforts to reach the needs and visions of producers. Furthermore the FSC will facilitate coordinated networking and representation. By using local capacity and farmer expertise, the FSC will contribute to more sustainability in terms of local human resources.

With this project proposal we address, the following urgent matters concerning this new phase for organized farming in Sub-Sahara Africa:

- A stronger orientation on the promotion of entrepreneurship;
- Include more farmers to be organized;
- Decentralized, specialized and sustainable service provision to farmers and their organizations by creating an independent Farmer Support Center, staffed with local capacity based on farmer expertise;
- An enhanced and real coordination among major external donors in their efforts to support farmers and their organizations;
- Farmer participation in development policy making (at the level of the B&M Gates Foundation and other donors) and in evaluation of project implementation;
- Coordinated and specific impact measurement and monitoring of pro poor efforts.

### **Motivation: why these options?**

#### *Entrepreneurship and business development*

National farmers' organizations have been focusing to a great extent on advocacy, as an important strategy to influence all parties (government, research, extension, etc.) to create an enabling environment and attract investment to rural areas. Yet, the potential of agriculture development for poverty reduction, will clearly ask action on the level of farmers themselves and will need more organized farmers. Development will only happen when farmers make it. Therefore they have to be increasingly enabled to be entrepreneurs and to have access to services, also at grass root level.

#### *Farmer Support Center*

From all sides (major national or regional development projects, local NGO activities...) genuine and intensive efforts are made to reach farmers with appropriate services. Their strategy for service delivery is based upon temporary project structures, on official/government branches, on weak and general-purpose local farmers' organizations... We argue that (national) farmers' organizations need a Farmer Service Center, which is independent, economically sustainable and completely demand driven by farmer organizations. The FSC can also help to streamline the support and services offered by different actors (including the private sector) to meet the farmers' needs. The FSC must

operate on a sound economic basis, and must be transparently controlled by the farmers themselves.

To support this effort two elements are of crucial interest: expertise and funds. The latter issue will be mainly resolved by linking up with financial institutions (banks, investment funds, insurance companies) both in OECD countries, and in developing countries. In that way an array of financial support instruments becomes available, ranging from grants to loans, guarantees and participations. Agri-agencies, in their home countries, have links to relevant financial institutions, like Rabobank & Oikocredit in the Netherlands or Raiffeisenbank in Germany and Caisses Desjardins in Canada. The agri-agencies in AgriCord are making headway with a strategy to directly fund local initiatives and farmer groups, as a way of piloting learning on economic activities, though still within an encompassing development plan of the national organization and serviced by the higher level branches.

For advisory and facilitation services to farmers and their organizations, the envisaged Farmer Support Center will build primarily on expertise emerging from the farmers organizations themselves (peer-to-peer), complemented with other local expertise. It will offer excellent farm leaders and staff a possibility for upward mobility, to apply and share their acquired experience in similar situations in neighboring countries. Specific attention will be given to support for decentralized service delivery on the medium and local level of farmer organizations and support to PO's to include more farmers.

This support center will become the cornerstones of the joined strategy of the Bill & Melinda Gates Foundation with Agriterra and will join the forces of many for intensified service delivery and economic strengthening of farmers and their organizations, according to their strategies and needs.

#### *Donor coordination*

The Paris Declaration and the Accra agenda on aid effectiveness, insist on donor coordination in view of the Millennium Development Goals. However, much remains to be done. Even if AgriCord made significant progress in the area of support to farmers' organizations by linking several Agri agencies into one program, by mobilizing several bilateral donors into one program, by paving the road for the farmer organizations to link up with other donors, by distribution of farmer organizational profilings and country mapping of farmer organizations, there is road to go to streamline aid flows into strategic plans of farmer organizations. Also, with the most relevant UN-institutions (FAO, IFAD, ILO) and with the World Bank contacts and work arrangements are in place, as with a number of relevant private companies and private or cooperative agro-business. Donor coordination, as well as collaboration with private enterprises, like Rabobank, is actively promoted by the Dutch Government.

For setting up the FSC, agri-agencies involve complementary funding from different governments, promoting and creating new possibilities for donor coordination. In particular, a contribution from the Government of Finland (2009-2012) will complement the existing funding from the Government of the Netherlands, and others.

The involvement of the Bill & Melinda Gates Foundation will allow for a more coherent development approach and practice based on the needs of the farmer organizations. AgriCord, with the agri-agencies, pushes the national farmers' organizations to be in the driving seat of donor coordination: the FSC, as steered by national farmers' organizations, will – at a very operational level – promote coordination of service delivery to producers.

*Farmer participation in development policy making*

Increased donor coordination is also needed when it comes to farmers' guidance and steering of the development policies and project implementation practices by major donors. In IFAD e.g. a frontrunner pilot approach (the IFAD Farmers' Forum) is giving feedback on how to improve IFAD's development activities. The World Bank has worked out a similar arrangement. Within AgriCord, UPADI is working on a proposal to link and establish coherent and cost effective ways for farmers and their organizations to be actively involved in policy making, program and project design, as well as monitoring and evaluation. It is expected that these farmer consultations with major donors will trigger more donor coordination as well.

The FSC will increase the efforts to support national farmer organizations to design their own national strategy for support to farmer organizations into which donors can inscribe themselves.

*Impact measurement*

When our efforts result in more effective activities, and more funds going to stimulate economic development through organized farming at all levels, we need a more elaborated impact measurement system. From the KIT evaluation of AgriCord's support programs (2008), it is clear that Farmer organizations themselves are concerned about the 'pro poor' quality of their activities and of the support they receive. For this matter, a more coherent monitoring and evaluation system will be elaborated with the FSC and owned by the farmers' organizations, to monitor the effects of the support on agriculture productivity, on rural development and the role of these improvements for an inclusive poverty reduction. Specific attention will go to the internal coherence of the system, serving not one project, but serving the farmers' organizations and national monitoring systems as to improve their own strategies.

**Ongoing activities to support farmers' organizations by AgriCord and Agriterra****(1) General approach of AgriCord**

When referring to ongoing activities we focus on the agri-agencies. Agri-agencies are a special kind of development organisations, supported by the national associations and (cooperative) companies of the agricultural sector and the rural population in developed countries. Due to their structural ties with the organized agricultural business world and the rural social organisations, and because of our exclusive focus on similar associations and companies in the developing world, we call ourselves agri-agencies. With this name, we want to distinguish ourselves from development NGOs. All over the world there are more than 20 agri-agencies, almost half of which are by now working together within AgriCord.

AgriCord functions as the project committee for Agriterra. Agriterra is back donor coordinator and bears the end responsibility towards the Gates foundation for all project activities. The function of the AgriCord PC is to have better sustained decisions.

The efforts of the AgriCord agri-agencies are unique in their approach and focus. For creating strong rural memberships organisations the efforts of the agri-agencies are particularly interesting for other development cooperation agencies to link up with and in that way work directly with the target groups.

Our approach is different in our two main functions: advising and project funding.

- Regarding our advisory services, we focus on farmer-colleagues rendering advisory services to other farmers via their organisations. These are peer-to-peer advisory services<sup>2</sup>. Advice always fits into a long term framework of collaboration with a PO. The capacity building of PO's includes technical and managerial training but also support to their organisational and institutional development.
- Our funding is special as it is directly geared towards national farmers' federations, but with them, we may conclude to send the money directly to the grass roots associations where it will be invested. It is in the hands of the farmer organisations themselves to set up and finance their strategic plans and to collaborate and contract research institutions, service delivery etc. This approach supports their capacity building and ownership.

The proposal to the Gates Foundation marks a new phase in an on-going effort for strengthening farmers' organisations developing countries. The main joint AgriCord effort at this moment is the Farmers Fighting Poverty program. It was elaborated in 2006 and received a first budget assignment from the Dutch Government of € 50 million. For the total budget of € 114.7 million over the period 2007-2010 other donors like Sweden, Canada, Finland and IFAD account of € 5 million. Complementary commitments are negotiated with Belgium, France and Finland (2<sup>nd</sup> phase).

The program is based on the positive relation that exists between farmers being organized, at the one hand and economic development, income distribution and democracy, on the other. Our theory of change<sup>3</sup> convinced us to focus on the strengthening of farmers' organisations in order to enable them to play their role in the development of their country and to make political relation more democratic.

Having discovered the importance of farmers' organisations in the development process and having proved that it possible and effective to work through these organizations, we wondered why development cooperation bypasses these associations. Up to today, development cooperation has mainly indirectly serviced the target groups, through governments, consultancy firms, universities or NGOs. We concluded that this situation is due to the weak management and accounting of these organisations, and we took up the challenge to strengthen them.

## **(2) Strengthening the key capacities of farmers' organisations (our work areas)**

We strengthen capacities in 17 different "work areas". We can divide these work areas in three types: (a) services for members and business to be established to serve agriculture, and (b) internal organisation, financial management, human resource management, procedures, etc. (c) institutional development, thus the relations of the farmers' organizations with third parties, other actors in the development process that can deliver the services the members demand.

In several areas we have developed so-called solutions, i.e. standardized cooperation response to recurrent problems. This enables us to break away from the project bureaucracy and skip the extensive project planning phase, entering rapidly into project implementation. A complete list of work areas, work area targets and results so far is provided in Appendix L. An annotated list of solutions can be found in Appendix H.

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<sup>2</sup> See Giel Ton a.o, 2007

<sup>3</sup> see Framers Fighting Poverty program description page 13-16 and particularly FIGURE 5

### (3) Farmer-to-farmer support to farmers' organisations

In Sub-Saharan Africa, producer organization support teams of agri-agencies are already operational in the following countries:

<b>agri-agency</b>	<b>PO support teams in (countries), as operational January 2009*</b>
Agriterra	No expatriate teams; short AgriPool missions
AFDI	Burkina Faso, Mali, Togo, Benin, Madagascar, West Africa
FERT	Madagascar, Tanzania, Burkina Faso
Trias	Uganda, Tanzania, Guinea (Conakry), D.R.Congo, Ghana
SCC	Kenya, Zambia, Uganda, Rwanda, Tanzania, Mozambique, Malawi
UPA DI	Guinea (Conakry), Mali, Burkina Faso

(\*) PO support teams of agri-agencies include expatriate as well as national advisors.

The agri-agencies have a long standing history on mobilizing these experts from the farmers' unions and cooperatives and assign them to advisory services to their peers in the developing world. OECD farm leaders supply their work voluntarily.

### (4) Focus on coordination and collaboration for more effectiveness

We strongly focus on collaboration and have created a structural permanent collaboration. The agri-agencies as such are structures in which several organisations of farmers, cooperatives, agri-business and rural women of the home countries collaborate, but they also established institutionalized forms of cooperation amongst them and especially between the farmers' organizations and research institutes, consultancy firms, banks<sup>4</sup>. These links exceed the project level but often concern structural links where farmers' organizations have an important policy influence.

Important is also the link between the International Federation of Agricultural Producers IFAP<sup>5</sup> and AgriCord. Due to the activities of AgriCord this worldwide federation is changing rapidly from a entity of farmers' organizations from OECD countries and a few emerging markets, into a true worldwide federation with nowadays a majority membership from developing countries. Its new elected president is from Zambia. Its structure and operations have to adapt to the new reality and Agriterra is very instrumental towards that end.

More recently, we are in the process of working alliances with the multilateral institutes like IFAD and FAO.

This project will allow AgriCord to elaborate further its coordination efforts by creating local coordinating farmer service centres which will be optimally geared towards the needs of farmer organisations.

## Basic innovations and areas of action

### (1) Promotion of entrepreneurship

In this new phase far more attention will go to the promotion of entrepreneurship and business development. This is also the focus of the coalitions in which we are working together with NGO's and banking, research and other service providers.

<sup>4</sup> See e.g. [www.agri-profocuse.org](http://www.agri-profocuse.org)

<sup>5</sup> [www.ifap.org](http://www.ifap.org)

This builds on the following successful program lines:

1. *People's participation strategy for grass roots development*
2. *Farmers Knowledge Program (FKP)*
3. *CASE approach for Agricultural Development Poles*
4. *Starting a cooperative*
5. *A support program for rural tourism*
6. *FinBase, a support program for improving financial management*
7. *Banking, credit and insurance program*
8. *ICT solution Share your organization with the world*

## **(2) Farmer service center**

We will facilitate the establishment of Farmers Service Center, starting in 2009 in East Africa (Nairobi). By 2012 we will service through these center farmers unions, cooperatives and all kinds of farmers associations in Ethiopia, Kenya, Tanzania and Uganda. This process will go in complete collaboration with the national farmer organization(s) and their regional couples. If the institutional context allows and if there is an added value to expect, there will be trials with discussions on vouchers systems and with farmers becoming the shareholders of this center. As any agri-agency initiative we will search for the most creative solution to guarantee the initiatives to be farmer-led and for the FSC to become economically sustainable. Intensive efforts will be made to decentralize and coordinate direct services to local and medium level farmer groups and to organize more farmers.

Regarding the FSC, country "mapping" information on producer organizations is already available, and provides relevant background information for the setup of an FSC. To create the FSC, one will build on the large farmer-to-farmer experience of Agriterra, including the AgriPool experience (peer-to-peer farmer advisory services) of Agriterra, the decentralized support teams of agri-agencies like SCC, Trias, FERT, in several East African countries and linking up with similar initiatives of Southern agri-agencies, if any.

The Farmer Support Center will provide the advisory services, grants and perform activities which form part of the proven track record of the agri-agencies:

- *Country mapping*, in order to map the existing membership based organizations in a country and to determine their relevance for development
- *Profiling* in order to determine the strengths and weaknesses on pre-determined parameters of farmers' organizations (for track record and results see Appendix J)
- *Strategic plan development*, both for organizations and businesses
- Implementation of program lines (see above) including the deployment of *solutions* described in the Appendix H

Generally there will be a focus on decentralized services to farmers to exploit better their economic potential and on including more farmers.

Where the institutional context allows, Agriterra will test voucher systems for the farmers' organizations to acquire facilitation, advisory and training services<sup>6</sup>. It will help the farmers' organizations to completely steer the services they effectively demand and it will support the

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<sup>6</sup> Experience from China and from social protection systems in SSA, shows that the potential for voucher systems is also determined by the overall strength of the institutional context. For weak context, it is advisable to primarily further strengthen the institutional capacity before introducing voucher systems.

quality, the entrepreneurs spirit and the demand driven approach of the FSC. The increased business minded approach of the FSC will allow to also serving other clients with their services. At the same time, the voucher system for the farmers' organizations can guarantee them priority to be served.

The Farmer Support Center will, apart from their advisory and facilitation role, also play a role in intensifying the delivery of appropriate financial support, as mentioned above. A special role of the center is to link farmers' organizations with foreign investors. Agri-agencies and Agriterra are well positioned to bring about this link as they are founded, steered or related to the (cooperative) agri-business in their countries.

The FSC is to contribute to effective donor coordination. Increased and effective donor coordination will be a new activity for the existing producer organization networks, built and supported in recent years by the agri-agencies. These networks will be explicitly steered by the farmers' organizations themselves, aiming at a comprehensive representation of all relevant producer organizations, farmers' groups, coops, farmer led economic initiatives, etc..

Finally, the FSC can also host commercial activities of the farmers' organizations or advise them, as desired by the farmers' organizations. Maximum ownership (also financially) and accountability of the producer organization regarding this enterprises will need to be guaranteed.

### **(3) Donor effectiveness**

The Declaration of Paris asserts that donors and agencies must coordinate their efforts in order to make aid programs more efficient and more pertinent to the needs of those they seek to support. AgriCord and its network of agri-agencies have further deepened this objective through information sharing, activity and partnership coordination, and by foregrounding the experiences and opinions of the farmers and producers' organizations (POs).

Much work nonetheless remains to be done in order for aid to be effective, coherent and pertinent to the needs of the concerned populations. For example, many consultation processes are in place, among them various public, private, bilateral and multilateral collaborations that differ in regards to the means and level of involvement of the target populations—the farmers and producer organizations. The various consultation mechanisms also differ in the consultation topics, and in the openness and latitude of the evaluation and advancement of the proposed programs.

Ideally AgriCord and Agriterra are promoting that different donors and agencies, focus their efforts into one national strategy of the national farmer organisation(s) and jointly contribute to the implementation of this strategy, including the capacity building of the farmers' organization('s) at different levels. We find it rather utopian to hope to rally the donors and agencies (both bilateral and multilateral) in all concerned countries around only one strategic plan. However, we feel efforts should be done in that direction, starting with the coordinating function of the FSC towards donors and aid flows and to fit the needs of the farmers' organizations. The same counts for the impact measurement of the projects and programmes: the farmers' organizations should have a central role and the results should be maximally geared towards the use of the evaluations for improvement of their own strategies. Regarding the modalities of the aid programs, it is rather the donors who have to learn.

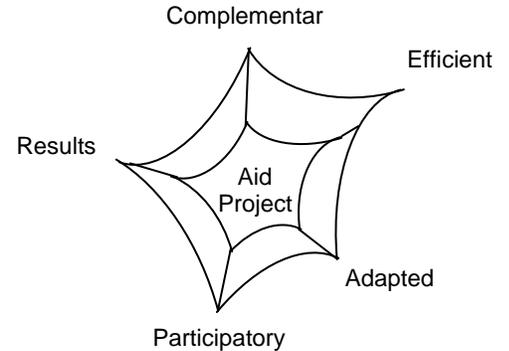
On that point Agriterra would like to go further by enabling the farmers' organizations to evaluate aid programs (and donor modalities and approaches) themselves. We would like to

offer producer organizations a tool allowing them to systematically and comprehensively carry out their own comparable consultations in order to optimize collaboration and improve aid programs, results which they will ultimately be able to bring to the attention of donors and agencies, so they can improve their approaches and modalities to maximally fit the strategies of farmer organizations. AgriCord will offer support to producer organizations by providing them with an aid profiling tool (this is parallel with the tool AgriCord is offering to the farmers' organizations for their own profiling, of which the results are very useful for donors).

The profiling tool will allow producer organizations to design their consultation approach to fit with their membership; as well, the various aid profiles will be available on Agro-Info.Net (AIN), facilitating comparison and allowing the best and most relevant to be adopted and adapted in keeping with particular needs.

We trust that the collaboration and notoriety of the Gates Foundation will facilitate the implementation and promotion of this tool.

**Aid Profile Example**



**Vision of success**

In our vision of success we will have contributed (1) to the improved productivity at farmers level by integration of farmers in the market chain and (2) to locally farmer steered and owned collective enterprises within the input and output markets. Decentralized service delivery will have increased and will be more pro poor. We do so by fostering 720 economic initiatives in grass roots organizations belonging to 10 farmers' organizations (6 national, and 4 sub-national) of which 75% is measurably strengthened to 12% or more (using or profiling method for that purpose). These effects will eventually contribute in 2012 to the Development Millennium Goals by improving the economic position of 1.2 million farmers in Sub-Sahara Africa, in a way that they are able to triple their income by 2025.

The service center will function as economic viable and independent structures, coordinating services to farmer organizations, and completely geared towards the need of the farmer organizations. At least 50% of all services and aid flows towards the farmers' organizations in these countries in 2012 will be coordinated or linked with the services provided via the FSC. More aid for agriculture development will be directly geared towards farmers' organizations. The FSC will base consultative processes with donors based on national strategic plans of national farmers' organizations (including decentralized and local action, as seen by the producer organization). 10 National farmers organizations have made a profiling of an average of 3 donors each (18 profiles).

**Assumptions**

The basic assumptions are:

- That economic development in the selected countries will not be disrupted
- That we are able to find sufficient good personnel in the different countries
- That farmers' organizations keep on strengthening themselves and keep up their advocacy efforts
- That the Dollar/Euro conversion remains at 1.34 or improves

To elaborate on the first assumption the continued economic growth at the current growth rates will already provide an overall tripling of income in the countries in Africa focused on in this program. Appendix K shows that this does not mean that the tripling of incomes is achieved in all countries, but is well guaranteed in the respective countries in East Africa. The overall figure is influenced by the performance of Kenya, Ethiopia and Nigeria. In the other countries an additional effort has to be done. At the same time, in all countries the incomes of farmers may lag behind the overall income development, justifying extra efforts to guarantee their sustained income growth.

The program is highly dependent on the availability of local personnel with experience in farmers' organizations. As we conceive the FSC as an opportunity for upward mobility for staff and leaders from organizations, we run the risk of brain draining those organizations. On the other hand being reluctant in recruiting from the organizations may leave us with problems in staffing the program. The Somplanned<sup>7</sup> budget gives a clear vision of the needs for manpower, leaving us with the challenge to recruit 16 African experienced farmer organization experts.

Farmers' organizations provide a fluctuating development cycle in which periods of sustained strengthening are followed by crisis. We have analyzed that in most cases the crisis are due to the difficulties arising from leaders that resists to leave after the members have opt for renewal of leadership. This resistance is to be explained from the lack of opportunities for upward mobility for these leaders. We hope that the mere existence of the Farmer Service Center helps in this respect to offer opportunities and to smoothen the renewal of leadership.

In our contacts with financial institutions we think of taking up the issue of pension schemes for farm leaders and staff.

The Dollar/Euro conversion rate is beyond our control. The stronger focus on African manpower makes us less depended on this conversion rate, becoming the dollar conversion rates to the African currencies more important.

## **II Project Objectives**

Please refer to Appendix A for the description of the project objectives. The 5 objectives are to sub-divided in two major groups.

Firstly there are activities to promote inclusion of more farmers into entrepreneurship, including potential organized farmers up to those who are already organized. They will be supported and motivated to start individual and collective business initiatives in the field of production, processing, trade and for increasing the market value in hands of small farmers. Specific attention will go to linking them with financial institutions

The other objectives create an enabling environment on institutional level and increase sustainability. An FSC will be established, donor coordination will be sharpened and impact measurement will be up scaled. The FSC will also support PO's for the activities under the first set of objectives as mentioned above.

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<sup>7</sup> See Appendix C-b

### III. Project Design and Implementation Plan

#### Manpower

According to our recommendations for farmers' organizations we have elaborated the core of our implementation plan on the basis of SomPlan (Appendix C-b). SomPlan is the Service Oriented Method for Planning & Budgeting. It was developed to be used as Agriterra's planning and budgeting system and presented as an perspective for farmers' organizations as an final objective in their process towards financial strengthening. This methods allows us (and our clients and back donors) to concentrate on our activities and results. The commitment of the program implementer is to deploy the envisaged staff and obtain the envisaged results.

The implementation of the program falls under the responsibility of the managing director of Agriterra, Kees Blokland. He is directly accountable to the managing director of AgriCord, Ignace Coussement. In Appendix E we present a full overview of key staff involved in the program. The key responsible per objective are:

Project objective 1: Mrs. Nellie van der Pasch  
 Project objective 5: Mr. Michiel Bourgondiën  
 Project objective 6: Mr. Kees Blokland  
 Project objective 7: Mr. Jur Schuurman  
 Project objective 8: Mrs. Marie Christine Talbot

For the central issue of building Farmer service Center, we rely upon facilitation and support by agri-agency staff in the field that is assigned to the decentralized offices of Trias (Uganda) and SCC (Nairobi) and to projects of FERT (East Africa).

The manpower needed for our program is divided as follows in the table 1 over objectives and suppliers. In Appendix C-a We give a more detailed overview of the distribution of manpower as supplied by the different agri-agencies.

**Table 1: Manpower involved in program (overview for totals in man/years)**

	Project objectives								Total
	1	2	3	4	5	6	7	8	
Agri-agency staff	8,8				4	4	0,4	9,6	26,8
AgriPool	0,3				1,2	0,2	0,0	2,0	3,7
Farmers' Service Center	5,3				4	4	0,4	2,0	15,7
<b>Total</b>	<b>14,4</b>				<b>9,2</b>	<b>8,2</b>	<b>0,8</b>	<b>13,6</b>	<b>46,2</b>

The Bill & Melinda Gates foundation can count on the deployment of this staff in order to obtain the predicted results as stated in the previous paragraphs.

To implement the program, the responsible for each program objective will design an implementation plan. These plans will entail the following actions:

- *For objective 1:* in selected countries an inception mission will be hold to prepare the farmer organization to implement the program. For this mission and inception workshop the farmer organization designates staff (1 national coordinator, 1 trainer and three promoters or local farm leaders per municipality). They will implement the program activities according to a fixed format as is proven in many situations and that is described in Gerrit Huizer, FAO, 1983. Key events are the yearly monitoring, planning and evaluation

events, the first one at one year after inception, and the 2<sup>nd</sup> one in the third year of the three year project cycle. In the meantime, the national team conducts monthly workshops involving promoters, farm leaders, group leaders, representatives from involved institutions, following the format of review of work done, introduction of new knowledge and planning of next project phase. Additional support for each country is needed to make an agreement with a financial institution to support the emerging new economic activities with loans. These loans need guarantee arrangements, due to the character of the incipient emerging groups of these hitherto non-organized farmers. The FSC will support the PO to implement the program.

At the end of program the participants will have developed, following a collective training and discussion strategy, projects aimed at developing their individual enterprises. A development fund to a level of a maximum of \$1000 per individual supports each of the projects. Examples of those individual projects are meat production and diversification of production

During the program, the participants have access to a development fund of \$10,000 per local association that they can collectively use for the definition and implementation of a collective project. Examples of those collective projects are: collective storage and marketing in order to sell when the price is higher, rice husking service, input purchase and supply.

Finally, a third development fund of \$25,000 per farmer organization is to develop or consolidate services, mostly economic in nature, that respond to members' needs. These projects are similar to those of program II. The difference is that they are designed to strengthen the apex farmers organization in its servicing to its members.

- *For objective 5:* The main activities for this objective is to identify the most prominent financial institution(s) with experience and potential to play a definite role in the development of the agricultural sector, and agree with them about the terms of development of these entities involving financial institutions for the home countries of the agri-agencies. These agreements will involve technical support, guarantees to the institutions that allow them to increase substantially their loan portfolio and linking emerging groups with investors from the OECD countries.
- *For objective 6:* This is the institutional innovation for the agri-agencies, they will give support to the set up of one FSC in Kenya, mainly based on local farm expertise and steered by farmer organizations. The FSC will be an independent, economically sustainable local organization. The FSC will eventually serve PO's in Kenya, Tanzania, Uganda and Ethiopia. The average number of linked consultants to the center increases from 6 in the first year till 12 in the last year, each consultant being halftime employed by the center. The group will be directly involved in the programs to obtain the projected results in the other objectives. It will entail in service training by agri-agency staff, as in later years the Center's staff will train the newcomers on the job.
- *For objective 7:* This is basically a subcontracted activity for which we plan to engage the CIDIN, a dependency of the Catholic University Nijmegen, Netherlands. Its director Dr. Ruerd Ruben is a high level macro-economist who will conduct the development of the methodology and apply it to datasets in order to establish (or not) the relation of our hypothesis.

- *For objective 8:* In this innovative action area the first two years will be for participatory tool development. In the later years the tool will actually be used by farmers groups in order to evaluate donors. The results will like the profiling results of farmers' organizations be displayed on agro-info.net.  
An important aspect of the activities for this objective is the yearly evaluation of Gates programs

### **Scalability**

The scalability depends on the farmers' organizations available for this types of actions. In this respect we and other (WDR, 2008) witness a mushrooming of organizations everywhere in the world. All kinds of external stakeholders see the importance of and promote the creation of farmers' associations, like farmers themselves see their joined action a form to promote their interest, create new business and advocate on behalf of their shared interest. To improve the quality and legitimacy of the process, more capacity support and coordination will be necessary.

At this point, only 19% of the world farming population is organized. This number is likely to grow although the total number of farmers worldwide is reaching is maximum and will start to decrease in the coming decennium. Yet, the organized farmers will start to grow as a proportion and the number of organizations is increasing rapidly. This happens in Asia, but also in Africa.

### **Sustainability**

The sustainability of the project approach is guaranteed by relying on existing capacity and will avoid now and in future unsustainable project set-ups for service delivery to farmers. The FSC will be set up and advised in such way to become economically independent structures, serving PO's. Different options will be looked in, including voucher systems, and it is expected that it will take a few years before the FSC is fully financially sustainable.

The farmers' organizations we address have been formed in the previous years and grown into national federated bodies that have regional (sub-national) and local associations as members. They existed before we got to work with them and will generally do so after we stop the program activities, yet at that point are stronger, with more members, improved financial management, improved internal and democratic functioning and an improved relation with outside institutions through intensive institutional development. For the farmers' organizations involved we will demonstrate this sustainability with the profiling results which will indicate their increase strength on key indicators. (See paragraphs on monitoring and evaluation.)

The financial institutions will be more client oriented and have taken up new and development relevant clients, like farmers and the related industries and service providers like the ones for processing, insurance and trade.

### **Innovative approach**

Our implementation approach is innovated by a structural involvement of farm leaders and staff formerly working through organizations in African countries and offering them an opportunity to keep on deploying their skills and abilities, now for a more general farmers' movement in their countries and in neighboring countries. This reduces even more the cultural

gap that might be felt when we previously relied more on farm leaders and staff from the farmers' organizations and cooperatives from the home countries of the agri-agencies.

Our approach as such already proved to be highly appreciated by farmers' organizations from the developing countries, because it provided a type of expertise in a context of peer-to-peer exchanges. But, still cultural and language differences stood in the way in some cases, which might be overcome now we build in a kind of two tiered way of exposing bigger groups of farmers and farm leaders to the best practices of the international farmers' movement. We make the experienced farm leaders from the agri-agencies' home countries relate more to the front runners of the organizations of Africa and put them in a position to bring the combination of their experience and outside inputs to the broad core of organizations in the field.

The proposed program lines are well tested by the main agri-agencies involved. Each of them can demonstrate the successes obtained in their field.

### **Collaborations**

Agriterra is the main contractor for this program. Yet, important input is to be expected from fellow agri-agencies like SCC, FERT, and TRIAS.

Our mayor external collaborators in the program will be the Dutch Government, the B&M Gates and the project and programs promoted by this institution. The basic contribution will mainly be in the field of promotion of donor coordination. With CIDIN, a dependency of the Catholic University of Nijmegen the Netherlands we develop a profiling method for cooperatives. Together we implement a chain innovation program. CIDIN will help us to establish the new evaluation of impact.

In the framework of this program we will work with the Gates Foundation to make organized farming linking up with all other farmer relevant initiatives supported by this institution; by doing so we hope to increase the effectiveness of these programs and projects.

### **Timeline & Milestones**

For a complete timeline & milestones see Appendix B.

### **IV. Potential Risks**

The mayor risk in our work is the lack of funds. The agri-agencies have proven in last decade to be able to manage in an efficient and effective way increasing sums of development money, steered by and geared to farmer organizations. Their activities have shown impact in the increasing levels of farmer organization. There are hardly any new worldwide, supranational and even national farmer federation efforts that have not counted with the support of the agri-agencies. The demand of the farmers organizations for advise and projects grants can hardly been matched by supplies from the agencies. We focus strongly on collaboration with third parties in order to go and meet the demands. We have an collaboration agreement with the Dutch Government to help and convince other OECD governments to join these pro-farmer initiatives. We mobilized effective commitments of the Governments of Canada, Sweden, France and Finland. In 2009 and 2010, this government will do a promotion tour amongst bilateral donors in order to increase the funds for these actions. We hope to count on the Gates Foundation to join in.

## V. Monitoring and Evaluation

### Introduction

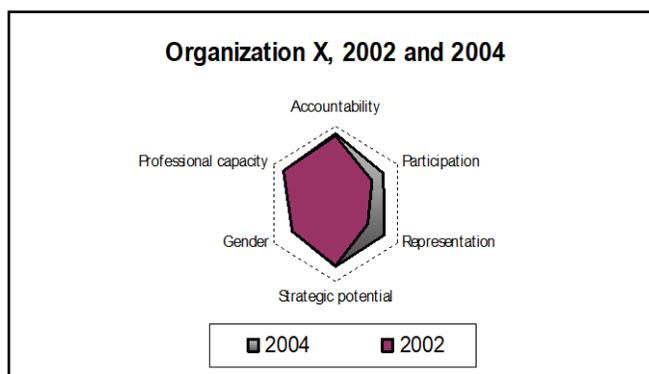
The Monitoring and Evaluation of the proposed activities consists of a three-pronged approach: capacity building in rural people's organizations (1), increases in income and capital formation in agriculture (2) and validation of the impact of our intervention as registered in 'stories' (3).

In a nutshell, the reasoning is: when our efforts result in more activities, and more funds going to stimulate economic development through organized farming at all levels, we need a more elaborated impact measurement system. For this matter, we will establish and document the relationship between the rate of organization of the economic active rural population (i.e. the representativity of the organizations, expressed as the share of the total farmers' population that is organized) , the amount of support, the rate of investment in agriculture, and the average income of that population.

The elaboration of this train of thought follows below.

### Capacity-building

Agriterra monitors the strengthening process of the farmers' organizations that it works with by 'profiling' those organizations, i.e. measuring their strength on a set of critical aspects or 'leading indicators'. One of those indicators is the rate of organization, or representativity: i.e. the degree to which the organization represents a substantial share of economically active rural population. It even is one of the easier indicators to measure, since it relies solely on facts – others (see the figure) are a mix of facts and ratings. This makes it all the easier to establish the predicted positive relationship between the amount of support and the increase of representativity.



### Income and investment

Using statistics on (rural) income per capita development and capital formation in agriculture for the AGRA (Alliance for a Green Revolution in Africa) intervention countries, we will set up an on-line database that makes it possible to ascertain whether there is a positive relationship between the aforementioned amount of support and organizations strengthening trends on the one hand, and macro-economic developments on the other hand. Our reasoning is that, with stronger and more representative farmers' organizations, both direct income effects in rural areas and capital formation trends should be visible – and better so in those cases where organizations have actually become stronger, as ascertained under (1). Thus, what we want is to establish a statistically significant positive relationship between the financial support, the increased rate of organization and the aforementioned macro-economic indicators (data to be mined from UN and FAO sources).

### The stories

While in the Netherlands we strongly believe in the 'Meten in Weten' adage (to measure is to know), we also are aware that is not the other way around: to know is not to measure, i.e. in

order to know one needs more than measuring (but one needs measuring!). The, certainly indispensable, figures are to be corroborated and supported by 'real life', real life being the livelihood of the people involved: the farmers and their families. To this end, many agri-agencies already have put in place some kind of story-harvesting mechanism: a method to collect case studies or stories 'in the field', to know about the changes in well-being and livelihood of actual people and, if possible, to link those changes to the ones that we keep track of in sections (2) and (3) immediately above.

The 'if possible' is, of course, the catch. We have to make plausible that the stories and testimonies that we collect have actually been made possible by our program, and what is more: we have to be able to show that those stories are relevant, i.e. that they are representative for many other farmers in a particular geographical and organizational context. This year, both the M&E department of Agriterra and the M&E steering committee of AgriCord to be installed in February in Brussels; Agriterra will be part of this) will tackle this issue; for said committee it is one of their main tasks.

Analysis and reporting will be done on a yearly basis; dissemination of the results of the program will also have an on-line dimension (see above).

## **VI. Organizational Capacity and Management Plan (IC)**

### **AgriCord membership, background and mission**

AgriCord is an alliance of 7 agri-agencies, each structurally linked to the representative producer organisations in their own country. Agri-agencies are based in OECD countries: Belgium (Trias), Canada (UPA DI), France (Afdi and FERT), Japan (IDACA), the Netherlands (Agriterra) and Sweden (SCC). Each agri-agency has a longstanding experience in supporting producer organisations. Operationally, AgriCord functions as the project-committee of the agro-agencies.

AgriCord's mission is to support farmer's organisations, and in a broader sense membership-based rural people's organisations (including their economic initiatives and cooperatives). This focus guarantees a demand-based approach in project selection and strong farmers' ownership in the project work.

AgriCord was formally registered as a non-profit organisation and as an international NGO according to the Belgian law, in January 2003. In June 2008 AgriCord was approved an ODA status - all funding to AgriCord is now ODA approved.

### **Agriterra**

Agriterra, the that presents this proposal and will be accountable to the Foundation for its implementation, is one of the youngest agri-agencies. Agriterra is a Dutch Foundation, established on October 28, 1997. It has 9001-2000 certification and holds a CBF certificate as fundraising institute. In 2003 it signed a collaboration agreement with the Dutch Government and is recognized and funded as an organization of the private enterprise by this government because of its founding participants, the Dutch farmers, cooperative and rural women organisations.

### **Funding and activities**

Currently AgriCord mobilises funding from the Netherlands, Canada, Finland, Sweden, France and from IFAD.

The AgriCord network, as a whole, supports producer organisations in more than 60 developing countries, involving more than 200 staff members and a yearly volume of activities of US\$ 72.166 mln or € 54,303 mln (2007). In managing the funds, AgriCord central office carries the responsibilities related to single, often small-scale projects monitoring and evaluation, and thus provides a cost-effective solution for distributing funds also to small-scale recipients.

Agriterra

### **Project and program management in AgriCord**

This new program with the Foundation will be implemented fully integrated into the normal and proven procedures of AgriCord. As an alliance of member organisations, the individual member agri-agencies are fully involved in the implementation of development work. AgriCord has a coordinating role and is the project committee for agri agencies. This is not a supplementary management level between the back donor, the supporting organisation, and the producer organisations in developing countries. The individual agri-agencies are accountable to back donors, unless funding is provided directly through AgriCord (as is the case with IFAD).

For additional information on the staffing see section III. All staff is currently assigned to agri-agencies. The exact allocation of the work over the different agri-agencies is to be decided in the implementation plan to be elaborated following the submittal of this proposal and its indications for acceptance.

### **Monitoring of projects and producer organizations**

The decisions on the project cycle (acceptance of ideas, acceptance of planned projects, and the decision to implement) are made by the PC (Program Committee) with a special role for the back donor coordinator (for this case Agriterra with regards to the Gates Foundation). This special role implies that no decision can be taken for which Agriterra cannot account for to its back donor. The PC also coordinates evaluation activities. The basic elements of this process are:

- (i) Contracts with back donors (Governments of the Netherlands, Canada, Sweden, Finland, and institutions such as IFAD) are either signed by the member agency of that country, or by AgriCord. The signatory of the contract is in charge of fulfilling all obligations of the contract. As it is now:
  - Existing contract with ACIDI/CIDA (Canada): UPA-DI
  - Contract with DGIS (Netherlands) for the Farmers Fighting Poverty program: Agriterra
  - Contract with SIDA (Sweden): SCC
  - Contract with IFAD (Rome): AgriCord central office
  - Contract with the Ministry for Foreign Affairs of Finland: AgriCord central office
  - Contract with AFD (France): AgriCord central office.
- (ii) The AgriCord central office initially handles all incoming demands submitted by farmers' organizations either via one member agency, or directly to the AgriCord central office, up to approval for contract by the Program Committee. The central office
  - checks eligibility of submitting farmers organizations for funding with member agencies and with IFAP DCC, and eventually coordinates further enquiries;
  - prepares first step in decision making: approval project idea by the program committee, and allocation of the project to a back donor;

- mobilizes and coordinates agri-agency involvement based upon specific experience of agri-agencies in the relevant country and work area;
  - follows up the implementation of the projects, as entrusted to agri-agencies.
- (iii) The AgriCord central office coordinates the efforts of POs and agri-agencies for evaluation of individual projects, and initiates joint evaluation activities at the level of programs, countries and/or work areas.

### Monitoring of work areas

Within the AgriCord network, the central office facilitates and promotes complementarities between member agencies. The outcome is that each agri-agency can offer a broader range of services to its partner POs, because it can mobilize added value and experience of its colleagues. For an overview on the state of affairs on work areas after a year and a half in Framers Fighting Poverty, see appendix L. For a complete overview of data collected in our monitoring protocol see Appendix J. On basis of this quantitative information, the recorded project progress reports in [agro-info.net](http://agro-info.net) and on stories collected, we produce the yearly activity report as you will find it as annex J i.

The program objectives are linked in the following way to programs and work areas of the current agri-agency practice:

Objectives	Programs Agricord	Work areas Agricord
1. membership drive by promoting economic initiatives among non-organized farmers	People's participation program	5. grass roots initiatives
2. Promote new economic ventures among organized farmers	<ul style="list-style-type: none"> <li>• Agricultural business development</li> <li>• Support program for rural tourism</li> <li>• Starting a cooperative</li> </ul>	7. agricultural development 16. diversified agriculture 17. processing agricultural products
3. Support agricultural business development	The Farmer Knowledge Program	5 grass roots initiatives 11 market & chain development
4. Strengthen farmer organizations' financial and organizational capacities	The Farmer Knowledge Program	6. development of training materials
5. Development of financial products	Framework Program with Rabobank	8. banking & credit sector
6. Create 4 farmer Service center	Framework Program with Gates	10 farmer to farmer extension
7. Impact measurement	Framework Program with Gates	19 monitoring & evaluation
8. Improved donor coordination	Framework Program with Gates	18. Strengthening of the support

### Agro-Info.Net

The AgriCord project proposal and assessment cycle procedure is entirely internet-based. Both core activities of agri-agencies (direct funding of POs, advisory services) are documented in full transparency on the internet. Authorized users log in on [www.agro-info.net](http://www.agro-info.net)

and have access to the procedure manual. Within AgriCord, this operates as an intranet. Standard document formats are downloaded from the procedure manual. Project documents (appraisal memo's, log frames, contracts, etc.) are equally accessible for all client farmer organizations or cooperatives, agri-agencies and other stakeholders involved. This whole procedure is increasingly integrated in the organisational setup of each of the agri-agencies. It shows transparency and increasing professionalisation in agri-agency work.

### **Budget Narrative**

The budget of this program is made according to Somplan (Service Oriented Method for Planning and Budgeting). It tries to summarize all costs in tariffs for employed workers. The basis for our budget is therefore the manpower planning, according to years and objectives over three categories: staff of agri-agencies, International AgriPool experts and staff and consultants of Farmer Service center.

In Appendix C-a we give the details in full FTE (140 effective working days) of the manpower allocated per year to each objective.

To each of these categories a fixed tariff is assigned that covers all related expenses, including all personnel costs, non effective time due to overhead activities, illness, holidays, fringe benefits, but also in this case travel, equipment, sub-contracts, supplies, contracted services. Of the budget categories listed here only sub-contracted grants and consultants are excluded.

Due to the fact that salaries are the biggest cost category, travel, equipment and supplies costs directly relate to the number of personnel and contracted services increase along the increase of operations, their relative stable relations between these costs. This makes it possible to do the planning on the basis of last years costs performance and come up with a very accurate planning that does not give any difference as to detailed zero base budgeting.

On the basis of or Somplan budget we negotiate the fund assignment that will lead to more detailed log frame planning. An example of this planning is presented in the additional information no. 1 of Appendix G. The Farmers Fighting program.). It is also used on the agro-info.net site when all activities are planned for collective decision making in AgriCord.

The budget component of the grant proposal includes a Budget Spreadsheet (Appendix C) and this corresponding Budget Narrative. Together, they must clearly link the funding you have requested to the major activities described in section III: Project Design and Implementation. The Budget Narrative and Spreadsheet should only include the funds requested from the Foundation, not the total project budget.

Being somplanned, the discussion with the back donor can concentrate on three issues:

- Are the stated activities, results and outcomes wanted by the donor? (see section IV)
- Are the required manpower allocations (and sub-contracted grants) in line with the scale of the proposed activities? (see Appendix A)
- Are the tariffs used acceptable?

If the answer is positive for all three criteria, the resulting budget is acceptable (see Appendix C)

## Tariffs

The tariffs used in this proposal are as follows:

<b>Daily tariffs (somplanned 1/)</b>	<b>US \$</b>	
agri-agenices	1.474	2/
agripool	742	2/
FSC	405	2/

1/ For a detailed description of this budget calculation method, please refer to SomPlan (Appendix C-b)

2/ tariffs are all inclusive tariffs, i.e. they include provisions for all additional staff employed to support the activities, all travel expenses, and additional work of staff that can not be considered to directly contribute to program objectives (overhead time, holidays etc).

The calculation of the tariff for the agri-agency staff is done by using the audited annual accounts of Agriterra (Appendix C-c). Taking all cost related to advisory services and project handling (€ 2.225.964) and divide these costs by the number of declarable days that was accounted for in the time registration (2007 days in the year 2007), the rate of € 1.109 results that is translated to Dollars at the prevailing rate of \$ 1,32/euro.

For the international agri-poolers we used the same method dividing the costs of these missions (€ 966.399) and events abroad by the number of days (1730), i.e. € 559, or \$ 742.

In the case of local personnel of the FSC we could not build on recent experience. We therefore recurred to the match the planning of UPADI for the objective 3 and 4 activities with this SomPlan (This by the way forms no longer part of the current application, but then it was relevant to verify the methods). We calculated what rate would result in identical budgets following these different planning methods. The resulting \$ 405 seems low, but is the best estimate that we could make.

In order to comply with the relevant parameters for a application to the Foundation we inform that the tariffs consist o the following elements:

Gross salaries	53.4%
Fringe costs (29.1% over gross salaries)	15.6%
Travel	20.3%
Indirect costs 12%	10.7%
Tariff	100%

In the next paragraphs we will elaborate a bit on internal policies related to the cost items, in order to give more underpinning of the costs

### *Personnel*

The different agri-agencies have elaborated their tariffs structure according to a format that issued and prescribed by the Dutch Government for consultancy firms (see additional information nr. 9 in Appendix G). This results in a multiplier to be applied over gross salaries in order to determine the tariffs. UPADI and Agriterra came out as the most efficient (with the lowest multipliers) and their performance underpins the tariff measurement in this proposal. Other agri-agencies will have to tend to that level of efficiency.

For salary information we have included the 2009 Agriterra budget (Appendix C-d).

Relevant parameters are that staff is 0,67 occupied in direct chargeable activities (non-overheads) and that travel as part of the direct chargeable activities is 31% measured in time.

#### *Travel*

The travel arrangements of the agri-agency comply with the following regulations:

- All travel is economy class.
- Daily subsistence allowances follow the UN regulations
- Only 15% of the per diem is payable to traveler, the rest is transferred to the receiving organization to cover lodging, meals and transport as well as the costs of the persons that have to accompany the mission locally

#### *Equipment*

Equipment brought by agri-agencies refers to office equipment and the depreciation is in 3 years for ICT and 5 years for furniture.

For Section F and G below, please indicate any previous experience that your organization has in making grants or subcontracts to any named outside entity. If not, describe in the narrative your process to establishing their bona fides and fiscal and delivery capabilities.

#### **Contracted Services**

The only contracted service will be CIDIN for elaboration of the impact measurement via the increases in income and capital formation in agriculture, the second part of our impact measurement system (2)

#### **Sub-grants to Other Organizations**

The agri-agencies have a long standing experience in handing grants to farmers' organizations via well described procedures. These procedures are on-line available<sup>8</sup>. All financial details and decision making is publicly available on the internet (agro-info.net). Grants are given for the projects of farmers' organizations and an overview of recent grants is added in Appendix I

#### **Consultants**

Building the advisory service, the program will deploy hundreds of individuals on short missions. The agri-agencies have a long standing history on mobilizing these experts from the farmers' unions and cooperatives and assign them to advisory services to their peers in the developing world. OECD farm leaders supply their work voluntarily, only demanding an allowance for a substitute on the job or the farm. Travel and daily subsistence allowances are paid as described above. All missions have to comply with a Terms of reference. A program is elaborated at beforehand by the receiving organization. Reports are to be presented according to a fixed format. Everything is duly registered in agro-info.net. We have provisions that allow us to know and act on security risks, insurances and all arrangements are laid down in contracts with the sending and the receiving organization and the expert. The embassy of the nation of the visiting expert is notified of his permanence in the country.

#### **Indirect Cost Allowances**

All indirect costs are included in the above mentioned tariffs. Matching costs according to the Somplan method with a zero base budgeting fort objective 3 & 4 learn that the implicit allowance is 12%.

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<sup>8</sup> <http://www.agro-info.nl/handboek/>

According to the internal accounting system of the agri-agencies, grant requests are handled and monitored by one agri-agency, allowing this agency a 9% handling fee. Additionally a 1,7% accrues to the back donor coordinator, that is the agri-agency that is accountable to the back donor in this case the Foundation,. This allowance is to cover for all monitoring and reporting. Another 1,3% accrues to the AgriCord central office, to cover for coordination, planning and monitoring.

### Support for Proposed Project from Other Sources

For these activities we count on the contributions from the Dutch government for Africa, and especially for the countries in this proposal. The current assignments covers 32 % of the program expenses foreseen for this program, i.e. US \$ 12,5 million. We expect for the year 2011 and 2012 a new assignment, not less than an average € 20 million a year, of which as now 60% will be spend in Africa. This allows us to spend at least US \$ 13,5 million to be spent in the program countries. Sweden and Finland have committed almost US\$ 10 million.

Other Donor	Amount U.S.\$	% of project	Committed or Potential
Dutch Government	US \$ 13,5 million	59%	90 % is committed
Finnish Government	US \$ 7 million	30%	100% is very near commitment
Other governments (Spain, Sweden, Germany & Italy)	US \$ 2,5 million	11%	100% is committed

## **Appendices**

**Appendix A: Project Objectives**

**Appendix B: Timeline**

**Appendix C. Budget Spreadsheet**

- c-a manpower i
- c-a manpower ii

**Appendix D. Financial and Tax Information**

**Appendix E. Biographical Information**

**Appendix F. Bibliography**