

# Meeting Minutes: Appraisal of Concept / CHAI Malnutrition Initiative

<b>Date</b>	25 October 2013
<b>Meeting Chair</b>	Cecile Hillyer, Director - Global Bilateral Division
<b>Participants</b>	<ul style="list-style-type: none"> <li>Kathleen Pearce, Deputy Director - GLO</li> <li>Rebecca Williams, Development Manager</li> <li>Virginia Dawson, Development Manager</li> </ul>
<b>Apologies</b>	Garth Atkinson, Principal Development Manager-Agriculture

## Summary

<b>Title of proposed activity:</b>	Partnership for Reducing Malnutrition and Increasing Agriculture Incomes in Africa
<b>Expected total value</b>	USD9.95 million (MFAT budget) TOTAL Budget USD\$ <span style="border: 1px solid black; padding: 2px;">s9(2)(b)(ii)</span> milion
<b>Concept/Design document drafted by:</b>	Clinton Health Access Initiative (CHAI),
<b>Appraisers of the Concept or Design:</b>	Kathleen Pearce, Deputy Director - GLO Gareth Atkinson, PDM - Agriculture
<b>Category of Environmental and/or Social Impact:</b>	Provisional (concept) P(A)
<b>Overall Activity risk</b>	High (see the Activity risk register for details)
<b>Recommendation:</b>	<input type="checkbox"/> Do not proceed <input type="checkbox"/> Address the identified problems, then return for specialist appraisal <input checked="" type="checkbox"/> Address the identified problems; no further appraisal needed <input type="checkbox"/> Proceed; no changes are necessary

## Quality Criteria: Final Ratings

These ratings use the Activity Quality Rating Scale.

Quality criteria	Rating
Relevance	3. Good
Likely effectiveness	2. Not Adequate
Likely efficiency	3. Good
Likely impact	4. Very Good
Sustainability	4. Very Good
Other issues	Rating
Gender and human rights	1. Poor
Environment	1. Poor
Monitoring and evaluation	3. Good

## Key Conclusions

### Relevance

- The rationale for the agricultural component of the programme is clearly articulated and addresses a priority issue for the countries where the activity is proposed.
- Further information will be requested on the wider malnutrition programme to allow for the appraisal of the relevance of the overall initiative.

### Efficiency

- An inconsistency in figures was identified during the concept note appraisal. A fuller economic analysis (product volumes/price, number of farmers that will benefit in each country, agriculture returns) will be requested from CHAI for the agricultural component of the initiative.
- We are open to providing 'design' phase funding should CHAI find this helpful to cover the period until we receive the first full country proposal for Rwanda and Ethiopia.
- The timeframes for the initiative are thought to be overly optimistic; therefore the full funding amount requested may not be able to be spent over the proposed 5 years. This is noted as a risk in the register.

### Effectiveness

- Further information is required on how the proposed activities will actually be implemented. Specifically, how agricultural extension

services and cooperative capacity building will be funded and implemented in each country, as well as collaboration with NGOs.

- A full proposal will be required for each individual country operating under the umbrella Funding Arrangement. Each proposal will be appraised by a full panel according to business processes.

### **Impact**

- The potential impact of this initiative is significant, however, there are many risks and assumptions that will need to be analysed.
- The concept note does not include lessons learnt from similar programmes that have worked and failed to inform potential impact.

### **Sustainability**

- The initiative is structured around a commercial venture that is designed to be sustainable in the long-term without NZ funding.
- Sustainability will depend on the success of all parts of the initiative, thus carries wide ranging risks. A full analysis of risks and mitigation strategies will be requested from CHAI.

### **Gender and human rights**

- No specific analysis of Gender or Human Rights was provided.
- Further information will be requested, especially in relation to: sex disaggregated data collection, analysis of the respective roles of women and men in agriculture, and considerations of any land related issues that may affect human rights.

### **Environment**

- Not specifically addressed in the appraised concept note. CHAI need to identify other environmental risks associated with the initiative (e.g. disposal of packaging) and the agriculture component specifically (e.g. how will CHAI ensure potential intensification of farming is environmentally sustainable), and explain how these risks will be addressed in the full country designs.
- A food processing factory will be established as part of the wider CHAI initiative. CHAI need to clarify what environmental impact studies will be undertaken on the factory and to what standards.

### **Monitoring and evaluation**

- The concept note provides relevant and measurable high-level indicators.

- Country specific and sex disaggregated indicators for each component of the initiative will be requested.

## Further Discussion

- Agreement was reached that the wider CHAI initiative will be appraised during this process, as its success is crucial for success of the agriculture component.
- Further information will be requested from CHAI to address concerns raised in the appraisal, prior to releasing funding.
- Agreed to enter an overarching GFA that indicates our intention to fund CHAI initially in Rwanda and Ethiopia, but also ~~§6(a)~~ and ~~§6(a)~~ once sufficient progress in the first two countries is shown, up to USD9.95 million.
- Full proposals will be required for each country component under the overarching GFA. Each proposal will be appraised by a full panel IAW business processes.

## Appendix A: Appraisal Documents

<https://e-wln-gdm/Functions/InternationalDevelopment/Programmes-Regional/Africa/Activities/Clinton%20Health%20Access%20Initiative/Activity%20Concept%20Note%20Appraisal%20CHAI%20Non-Dairy%20Component.docx>

# Appraisal of Activity Concept for CHAI Malnutrition Initiative

22/10/2013	Name	Role / Title	MFAT Div/Post or Org
Activity Manager (AM):	Kathleen Pearce	Deputy Director	IDG-GLO
Concept Note (CN) author:	CHAI		
Author of this appraisal:	Kathleen Pearce	Deputy Director	IDG-GLO
Proposed design lead:	Kathleen Pearce	Deputy Director	IDG-GLO
Proposed implementation lead:	Virginia Dawson	Development Manager	IDG-GLO

## Summary

Activity name: Partnership for Reducing Malnutrition and Increasing Agriculture Incomes in Africa

Programme name: Africa Regional programme

Country(s) where Activity is to be implemented: Submitted proposal requests NZ funding for agriculture support in Ethiopia, Rwanda, §6(a) and §6(a) but activity also covers §6(a)

Sector: EDV: Agriculture/Fisheries

Expected MFAT budget: \$USD9.96 million Total budget: §9(2)(b)(ii) \$USD million

Proposed modality: Third Party Project

Overall Activity risk: High CHAI Risk Register

Includes assessment of partner risk

P (A) Environmental and social impact category

Note: A rating based on factories, rather than agriculture strengthening work

RECOMMENDATION: Address identified issues, no further appraisal needed

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- Key issues:**
- The submitted proposal requests funding for one component of the broader initiative in four (of the seven) countries. (Component Three – ensure a reliable supply of crop inputs.) It is very general and high level. There is a lack of detail on how the project will be implemented, specific problems, other interventions and lessons learned from them, even about Rwanda and Ethiopia – the most advanced. It is therefore not possible to assess fully in its current form. Information identified at the end of this appraisal should be sought from CHAI prior to committing the full amount requested.
  - The rationale and 'problem' for the whole initiative needs to be articulated, so it is clear how this component fits into the bigger picture. This is available in other versions of the proposal we have seen, so should not be difficult to incorporate.
  - This assessment for the most part focusses on Component Three – ensure a reliable supply of crop inputs, but takes the broader initiative to combat malnutrition into account where relevant.
  - Provided identified issues are addressed satisfactorily, recommend we enter an umbrella arrangement with CHAI, providing some funding against a 3-5 month initial budget (if required), and request detailed country-by-country design documents which must be approved by full appraisal panel IAW business processes, prior to advancing funds for each country.

Activity quality ratings

DAC Evaluation Criteria		Best Practice Criteria	
Relevance	Good	Development effectiveness	Very Good
Likely effectiveness	Not Adequate	Managing for results	Good
Likely efficiency	Good	Gender equality & women's empowerment	Poor
Likely impact	Very Good	Human rights	Poor
Likely sustainability of benefits	Very Good	Environment and climate change	Poor

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**Relevance: Will this Activity do the right things?**

Rating Good

The proposal does not have a strong rationale for the whole malnutrition initiative but other versions of the proposal do (eg that submitted to DFID). The submitted proposal instead focusses on one objective of the initiative – agricultural strengthening. This broader scene setting information should be included in a revised proposal.

The development needs under the agriculture strengthening component are however clearly articulated, without going into local specificities. This lack of detail is inevitable for a proposal that covers multiple countries and is at the early stages of design. Detailed country specific development needs should be articulated during the design phase of each country.

The proposal aligns with the Africa Regional Aid Programme's focus on increasing returns through improved agriculture practices.

Strong engagement with the local government is evidenced but there is a lack of information about other major initiatives, past or present, that are active in this area. (Or more broadly other attempts to introduce ready to eat nutritional food products.)

**Has Gender Equality and Women's Empowerment been appropriately considered?**

Rating Poor

No specific analysis of gender issues is provided, either from the wider malnutrition initiative (what is impact on males if pregnant/lactating women provided with food bar, what is impact on women of preparing a specific separate food for children, if families paying more money for this product are women likely to miss out on food altogether being lowest priority etc), or from agriculture point of view. No mention is made of the respective roles of men and women in agriculture or how the initiative will ensure gender equality.

This needs to be included in a revised proposal prior to releasing full funding.

The draft results framework does not contain sex disaggregated data, even the indicators for % wasting and underweight children.

**Have Human Rights been appropriately considered?**

Rating Poor

No specific mention is made of human rights issues (eg equality, non-discrimination) although ensuring adequate access to proper nutrition is a basic human right which is central to the broader initiative. As a

consequence we would expect children to concentrate and learn better at school – another basic human right.

**Have environment and Climate Change issues been appropriately considered?**

Rating Poor

**Environmental and social impact category:** Category P (A)

The potential environmental impact of proposed activities (eg waste from factory, potential intensification of farming, disposal of packaging) has not been addressed and needs to be included in a revised proposal prior to proceeding.

Have assigned Category A based on potential environmental impact of the factory (assumed at this stage to be highest risk). Need to clarify what environmental impact studies on the factory will be undertaken and to what standards. With IFC as one of the investors we assume they will be requesting this information.

**How well does this Activity apply Development Effectiveness Principles?**

Rating Very Good

- Strong buy-in and ownership by partner governments – they are expected to lead all aspects of the initiative, with both ministries of agriculture and health involved.
- CHAI's role will be to support partner governments in undertaking this work, building their capacity.
- Partner governments' own systems will be partly used to monitor results (eg through Ministry of Health statistics).
- Requested budget is predominantly for capacity building, not service delivery, so using partner public financial management systems not an option. An exception might be extension services in countries that use government extension agents, and how this aspect will be funded needs to be clarified in country specific proposals.
- At design stage more information is required on how the initiative will coordinate with other development activities.

**Effectiveness: Is this Activity likely to work?**

Rating Not Adequate

Other stakeholders with whom we are in contact are working on their own appraisals of the initiative and once complete will complement the information provided in the proposal and our own analysis. Eg

the commercial partners are working out the business case which is essential for the activity to work. DFID is also doing its own appraisal and is likely to share this with us (although it won't be ready until December at the earliest.) Once all of this information is received it is likely the rating will move to at least 'Good'.

The proposed initiative addresses the malnutrition problem outlined in an appropriate way and if components are successfully implemented, there is a good chance this will be a highly effective initiative.

Critically though there is no indication of the cost of the product and how this compares to household incomes and the amount spent on food.

Likewise the proposed interventions are appropriate to address the problems identified in the agriculture strengthening component. However, a great deal of the information appears to be abstracted from recent publications and reports. While this information may be sound, there appears to be a lack of comment based on CHAI's own field observations, particularly when it concerns the functioning of cooperatives.

The scope of the proposal is very large and although all suggested activities are very relevant, it is difficult to see from information in the proposal how they will all be funded and addressed.

During country specific design phase a lot more information will be required on how the activities will actually be implemented. The proposal talks about collaborating with appropriate partners to implement most of the activities, yet there is no detail about who these partners might be, if they exist and from earlier version of the budget (which included inputs) it does not appear that funding has been requested, even though local NGOs are proposed implementing partners.

It would be useful to have more detail on successful cooperatives and what drives them versus those that are not functioning well. There are some good ideas for providing credit to farmers, however whether this will be effective is hard to evaluate without an indication of the size of the loans and what finance institutions might be involved.

Timeframes for implementation are also overly optimistic and already behind schedule. This may impact CHAI's ability to achieve results indicated by 2018.

There is no mention at all of risks/mitigation measures and these are significant. These will need to be included for the whole initiative and for the agriculture component before proceeding.

**Managing for Results: Are we *likely* to be able to assess the real progress of this Activity, and how useful will this information be for Activity management?**

Rating Good

Proposed impact measures and indicators are relevant and measurable and will track outcomes required. Results measurement framework is for the whole initiative so very few measures dedicated specifically to the agriculture strengthening component.

Results Measurement Table will need to include our standard output indicators.

It is proposed that each country will be referred to individually on results measurement framework and necessarily have individualised baselines and targets.

Data needs to be sex disaggregated

**Efficiency: Is this Activity *likely* to make good use of tax-payer funds?**

Rating Good

We need an inputs based budget to properly undertake an assessment of value for money but the beneficiary figures quoted (258,000 smallholder farmers across three countries) receiving an average annual increase in income of 57% (USD326) by 2018, indicates very good value for money. (However the executive summary has a different lower figure for number of farmers involved.)

However there is no data backing up these figures and the proposal indicates it does not know how many cooperatives it will work with,

Other donors and private sector investors are essential to the initiative, therefore providing good leveraging for NZ's investment.

Global Team support costs of s9(2)(b)(ii) s9(2)(b)(ii) are low at %%. However there is also s9(2)(b)(ii) of indirect cost allocation which needs to be clarified.

Timeframes appear overly optimistic and there is a risk that CHAI may not be able to expend the full USD9.95 million in five years. Further confirmation needs to be sought from CHAI.

Funding CHAI, in a MSC type arrangement, is an appropriate modality given the complexity of the overall initiative and NZ's almost non-existent footprint in the proposed countries.

Governance arrangements are not specified and should be included in a revised proposal.

**Impact: Is this Activity likely to achieve positive long-term changes?**

Rating Very good

There are a lot of risks and assumptions being made, which need to be more thoroughly articulated, but if the broader initiative can proceed as planned it will have a significant impact for a large number of children.

The impact of the agriculture component is dependent on the success of the wider initiative but provided that the commercial factory provides a guaranteed purchaser of local agriculture crops, there is likely to be a high impact on agriculture incomes and productivity for the farmers targeted by NZ's funding.

**Sustainability: Is it likely that Activity benefits / outcomes will last?**

Rating Very good

The broader initiative is led by government and based on a commercial venture. Therefore there is a high chance of benefits continuing after the period of NZ funding. s9(2)(b)(ii)

Under the agriculture component, it is planned that the farmer cooperatives will need supporting for 3-4 years under this initiative after which time they are expected to be self-sustaining. The initiative is focussed on commercial and government led solutions to their problems which will enhance sustainability, provided the right institutions are involved. More detail is required about delivery and quality of extension services in each country to comment properly on sustainability.

We also think that the budget is entirely for CHAI staff to support capacity building and not actually direct delivery of services so there is no weaning off donor funding required in any of the components.

As for the effectiveness section, advice from other stakeholders will offer a good level of comfort around the overall viability and sustainability of the initiative.

## Conclusions and Recommendations

In conclusion, the concept note does not address some of the areas required by MFAT and these will need to be included before releasing

full funding. Overall however it appears to be a very exciting (although ambitious and high risk) initiative that aligns well with NZ development objectives in Africa.

RECOMMENDATIONS FOR CHAI:

- Include an overview of the wider malnutrition problem, summary of whole initiative and how the agriculture strengthening component supports this, at the beginning of the proposal.
- Ideally we would like this to include an indication of the cost of the product and how this compares to household incomes and the amount spent on food.
- Gender analysis needs to be included. Both for the agriculture component (eg. will women and men benefit equitably from proposed intervention? how will women be targeted? role of women/men in cooperatives decision making?) and the broader initiative (eg. what is impact on males if pregnant/lactating women provided with food bar? what is impact on women of preparing a specific separate food for children? if families paying more money for this product are women likely to miss out on food altogether being lowest priority etc).
- Need to clarify what environmental impact studies will be undertaken on the factory and to what standards. Need to identify other environmental risks associated with the initiative (eg. disposal of packaging) and the agriculture component specifically (eg. how will CHAI ensure intensification of farming is environmentally sustainable), and explain how these risks will be addressed in the full country designs.

There is no mention of risks/mitigation measures and these are significant. These will need to be included for the whole initiative and for the agriculture component before proceeding. A risk that will be important to monitor across the programme will be the effect of the purchasing agreements on the nutritional consumption of farming families. Monitoring nutritional status of farmer children and noting any change consumption caused by the programme may would be an important mitigation step. In addition, it would be prudent to regular monitor the price of staple crops in the market to track any price rises that may be as a result of the increased demand by the factory.

- We support one Results Measurement Framework for the whole initiative. When fully developed it will however need to include our standard output indicators (see attached sheet). Data needs to be sex disaggregated.
- Governance arrangements need to be specified, (perhaps through a brief schematic diagram?)

- Can you confirm that budget requested is still accurate given there has been some slippage in timeframes. Will the whole amount be required within the funding period?

I therefore recommend:

X Address the identified issues; then resubmit to the Chair of the Appraisal Meeting for final approval to proceed

## Next Steps

	Who	Role	Completed
<i>Consultation with:</i>	Rebecca Williams Virginia Dawson	DM-SED DM-IDG GLO	Completed
<i>Additional appraiser(s):</i>	Garth Atkinson	PDM Agriculture	
<i>Amendments to CN:</i>	Requested from CHAI		
<i>Completion of this appraisal, including Risk Register:</i>	[???	[???	01/11/2013 dd mm yyyy
<i>Concept appraisal meeting:</i>	Chaired by Cecile Hillier	Director IDG-GLO	25/10/2013
<i>Finalisation of CN according to meeting recommendations:</i>	[???	[???	dd mm yyyy
<i>Changes (due to feedback) summarised in updated Meeting Minutes:</i>	[???	[???	dd mm yyyy
<i>Approval of Concept:</i>	[???	Mandatory <u>before</u> PAA	[???
<i>Acceptance of responsibility for design by Div/Post:</i>	[???	Mandatory <u>before</u> PAA	[???
<i>Financial authority (PAA):</i>	[???	[???	dd mm yyyy

## Significant divergent views:

- [Colleagues consulted in preparing this appraisal (refer above) did not express any significant divergent views]

## Hyperlinks to attachments

Concept Note:

[???] Will attach once next version received.

## Activity Design Approval for CHAI Malnutrition Initiative

### Design Document Details

Design document finalised by:	Clinton Health Access Initiative On February 2014
Design document appraised by	Virginia Dawson, Development Manager, Africa Garth Atkinson, Principal Development Manager Agriculture
Design appraisal meeting held on (where applicable)	03 March 2014

### Documentation attached

Please see appendix A for a copy of the Activity Design Document and appendix B for copies of appraisal documents.

### Approval by the designing division or Post

I, Cecile Hillier, Director Global Bilateral Division, authorise the attached Activity design.

## Appendix A: Activity Design Document

This appendix contains a link to the final Activity Design Document for the Activity partnership for reducing malnutrition and increasing agricultural incomes in Africa.

[http://o-wln-gdm/Functions/InternationalDevelopment/Programmes-Regional/Africa/Activities/Clinton%20Health%20Access%20Initiative%20\(CHAI\)/CHAI%20Nutrition%20Proposal%20to%20NZ%20AID%20-%20Ethiopia%20and%20Rwanda%20February%202014.pdf](http://o-wln-gdm/Functions/InternationalDevelopment/Programmes-Regional/Africa/Activities/Clinton%20Health%20Access%20Initiative%20(CHAI)/CHAI%20Nutrition%20Proposal%20to%20NZ%20AID%20-%20Ethiopia%20and%20Rwanda%20February%202014.pdf)

A copy of the final budget to be used in the contract is outlined on the next page and can be accessed:

[http://o-wln-gdm/Functions/InternationalDevelopment/Programmes-Regional/Africa/Activities/Clinton%20Health%20Access%20Initiative%20\(CHAI\)/Proposed%20Budget%20format%20CHAI%20Rwanda%20and%20Ethiopia%20vMarch2014.xlsx](http://o-wln-gdm/Functions/InternationalDevelopment/Programmes-Regional/Africa/Activities/Clinton%20Health%20Access%20Initiative%20(CHAI)/Proposed%20Budget%20format%20CHAI%20Rwanda%20and%20Ethiopia%20vMarch2014.xlsx)

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	2014	2015	2016	2017	TOTAL
<b>GHA BUDGET ETHIOPIA &amp; RWANDA</b>					
Objective 3 - Rwanda					
Activity 3.1: Strengthen agricultural cooperatives					
Activity 3.2: Provide farmers with access to financial tools, including revolving fund					
Activity 3.3: Provide farmers with timely access to agricultural inputs					
Activity 3.4: Reduce harvest and post-harvest crop loss					
Local staff and project implementation costs					
Global Support Team and Indirect Costs					
<b>TOTAL</b>					
Objective 3 - Ethiopia					
Activity 3.1: Strengthen agricultural cooperatives					
Activity 3.2: Provide farmers with access to financial tools, including revolving fund					
Activity 3.3: Provide farmers with timely access to agricultural inputs					
Activity 3.4: Reduce harvest and post-harvest crop loss					
Activity 3.5: Facilitating regional and Federal level review meetings					
Local staff and project implementation costs					
Global Support Team and Indirect Costs					
<b>TOTAL</b>					
<b>GRAND TOTAL</b>					

## Appendix B: Appraisal Documents

This appendix contain a copy of the appraisal meeting minutes, and two appraisal documents for the Activity CHAI Malnutrition Initiative.

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## Meeting Minutes: Appraisal of Activity Design for CHAI Malnutrition Initiative

Date	Monday 3 March, 2014
Meeting Chair	Cecile Hillyer, Director, Global Division
Participants	<ul style="list-style-type: none"> <li>Kathleen Pearce, Deputy Director, Africa</li> <li>Virginia Dawson, Development Manager, Africa</li> <li>Garth Atkinson, Principal Development Manager, SED</li> </ul>
Apologies	<ul style="list-style-type: none"> <li>Nil</li> </ul>

### Summary

Title of proposed activity:	Partnership for Reducing Malnutrition and Increasing Agricultural Incomes in Africa	
Expected total value	USD <u>s9(2)(b)(ii)</u> (Rwanda and Ethiopia) budget: NZ total contribution <u>s9(2)(b)(ii)</u> (eventually). Total programme budget is USD <u>s9(2)(b)(ii)</u>	Total
Concept/Design document drafted by:	CHAI (Clinton Health Access Initiative)	
Appraisers of the Concept or Design:	Virginia Dawson, Development Manager, Africa Garth Atkinson, Principal Development Manager, SED	
Category of Environmental and/or Social Impact:	Agreed (design) P(A)	

Overall Activity risk	High (see the Activity risk register for details)
Recommendation:	<input type="checkbox"/> Do not proceed <input type="checkbox"/> Address the identified problems, then return for specialist appraisal <input type="checkbox"/> Address the identified problems; no further appraisal needed <input checked="" type="checkbox"/> Proceed; no changes are necessary

## Quality Criteria: Final Ratings

These ratings use the Activity Quality Rating Scale.

DAC evaluation criteria	Rating
Relevance	4. Very Good
Likely effectiveness	3. Good
Likely efficiency	4. Very Good
Likely impact	3. Good
Likely sustainability of benefits	4. Very Good
Best practice criteria	Rating
Development effectiveness	4. Very Good
Managing for results	3. Good
Gender equality & women's empowerment	4. Good
Human rights	3. Good
Environment and climate change	3. Good

## Key Conclusions

### Relevance

- It was agreed that a strong rationale was provided for the Initiative. The development needs are clearly articulated and responses to these relevant. The initiative fits well with the NZ Aid Programmes focus on sustainable economic development and priority given to agricultural development.

### Efficiency

- The activity aims to raise farmers annual house incomes by \$229 in Ethiopia and \$168 in Rwanda. These increases are achievable given the approach to increase yields and reduce post-harvest losses while maintaining some price stability. Overall the return on investment is good.
- Given the interconnected nature of all the components of the activity, it will be important that the wider initiative is closely monitored. MFAT will request that a high level oversight committee with an annual stakeholder engagement meeting is agreed before proceeding.
- There are some concerns about the ambitious timeframes given in the initiative, particularly in relation to phasing out support to farmers. Much support to farmers will be provided through existing government extension work systems, which CHAI will work in partnership with and build the capacity of. It was agreed that MFAT will monitor the phase out of technical support to ensure that sustainable exit strategies are conducted.

### Effectiveness

- This activity will be led by the Governments of Rwanda and Ethiopia and implemented through national health and agriculture systems. The approach taken is grounded in capacity building of both government partners and local actors.
- While working through government departments meets development effective principals, the approach also has a number of risks. This is important in relation to staff capacity, especially of extension workers, to transfer the skills required to farmers.
- To be effective this Initiative requires all components to be successfully and simultaneously implemented. There is inherent risk given the size and complexity of the initiative. It was felt that the risk analysis provided as light. The six monthly report due from CHAI will include an update on any existing or emerging risks.

### Impact

- If successful, this is a potentially high impact activity that will be implemented at a large scale. It is however, very ambitious especially in regard to the started timeframes. Delays in one or more of the multiple components that could negatively affect the success and impact of imitative.

To monitor this, it was agreed that the contract will note that any progress towards or delays against critical milestones that affect the success of the initiative will be immediately informed to MFAT.

### Sustainability

- The design is based around existing structures and requires very little additional institutional development. The initiative promotes a government and commercial led solution to malnutrition. A systems strengthening approach is taken rather than that of creating parallel mechanisms that are often unsustainable.
- It was noted that there are strong incentives for both governments involved to make this initiative work.

### Gender and human rights

- Though the proposal notes that there will be measures to proactively mitigate against existing gender inequalities it is difficult to evaluate how effective these may be. The proposal lacks discussion on how men and women participate in agriculture and the barriers to empowerment of women. Nor does the proposal provide analysis on the impact of women preparing separate food for children, the impact of providing the product to children, PLW women and not men, on the implications of the family having to purchase the produce and how this will affect female and male family members.
- The activity will contribute to the realisation of a number of human rights and builds the capacity of duty-bearers to fulfil their human rights obligations. There was no discussion on the status of ethnic minorities within the target areas and possible barriers to their participation. However, the monitoring information that will be collected should allow disaggregation by ethnicity and other potential vectors of exclusion to ensure that marginalised groups benefit equally from the activity.

### Environment

- The rating of P (A) was given due to the potential impact of farming practices and factory production on a fragile environment.
- The discussion around mitigation of risks resulting from intensified farming was weak. And there were concerns on the effect on both the environment and human rights as farmers become more reliant on the inputs of water and fertilizer.
- In order to mitigate these risks, CHAI will conduct an Environment Impact Review of farming practices in the last quarter of 2014 and in the last quarter of 2015. An environmental impact assessment will occur of the production factories between April – June 2014 during the planning phase and again between October – December 2014 once construction has commenced. The results of these assessments will be provided to MFAT for evaluation and will be assessed by the IDG cross-cutting specialist for Environment.

## Managing for Results

- It was noted that there are gaps in the results measurement table, however, the sections that were complete provided good baseline data and appropriate indicators to measure change.
- For the agricultural strengthening component, we will require a lower level of data collection. MFAT will work together with CHAI to ensure that this level of data is available and that we are able to identify if change is occurring or not and to understand why.

## Further Discussion

- No significant divergent views

The following documents were requested from CHAI in order to proceed to the release of funds:

- A revised summary budget for Objective 3 in Rwanda and Ethiopia that incorporates the global support costs.
- A revised work plan for Ethiopia and Rwanda that provides further detail on Component 3 and is mapped out by month.
- An short explanation of the lack of funding allocated to post-harvest loss in Rwanda.
- Agreement in principle to progress the establishment of an advisory group.

# Appraisal of Activity Design for CHAI Malnutrition Initiative

19/02/2014	Name	Role / Title	MFAT Div/Post or Org
Activity Manager (AM):	Virginia Dawson	Development Manager - Africa	GLO
Activity Design (ADD) author:	Clinton Health Access Initiative		Clinton Health Access Initiative
Author of this appraisal:	Garth Atkinson	Principal Development Manager	SED
Proposed implementation lead :			GLO

## Summary

Activity name:	Partnership for Reducing Malnutrition and Increasing Agricultural Incomes in Africa		
Programme name:	Africa Regional Programme		
Country(s) where Activity is to be implemented:	Ethiopia and Rwanda		
Sector:	EDV: Agriculture Fisheries		
Expected MFAT budget:	\$USD 7,264,373	Total budget:	\$USD million <span style="float: right;">s9(2)(b)(ii)</span>
Proposed modality:	Third party project		
Overall Activity risk:	High (hyperlink to completed <i>Activity Risk Register</i> ) <input checked="" type="checkbox"/> Includes assessment of partner risk Category P(A) <i>Environmental and social impact category</i>		
RECOMMENDATION:	Proceed; no changes are necessary		
Key issues:	<ul style="list-style-type: none"> <li>• Little of detail provided on how project will improve extension.</li> <li>• No of funding is allocated for post-harvest loss in Rwanda or transport (Rwanda &amp; Ethiopia)</li> <li>• Funding for inputs not adequate</li> <li>• Lack of discussion on inclusion of disadvantaged groups (other than gender)</li> <li>• Assumption that farmers are willing to sell to factories.</li> <li>• s9(2)(b)(ii)</li> </ul>		

## Activity quality ratings

DAC Evaluation Criteria		Best Practice Criteria	
Relevance	3. Good	Development Effectiveness	3. Good
Likely effectiveness	3. Good	Managing for results	3. Good
Likely efficiency	3. Good	Gender equality & women's empowerment	3. Good
Likely impact	3. Good	Human rights	3. Good
Likely sustainability of benefits	3. Good	Environment and climate change	3. Good

Relevance: Will this Activity do the right things?

Rating 3. Good

- The proposal describes the purpose of the initiative in both countries in detail and there is considerable depth of information around the causes and effects of malnutrition.
- The proposal demonstrates a good understanding of government plans and initiatives and there appears to have been active engagement to build government support and participation.
- While the proposal appears to give evidence of stakeholder engagement with potential in-country partners and NGOs the depth of consultation is not clear. For example it is not clear whether CHAI has actually had discussions with cooperatives or is about to. Notwithstanding that the proposal provides an adequate description of the working relationship with partners to deliver project activities
- The proposal is well aligned with the strategies of the NZ Aid Programme that has a core focus on sustainable economic development, and within this focus, has identified agriculture as a sector priority. In particular the proposal fits with NZ Aid Programme's strategic framework for developing the agriculture sector through supporting: agribusiness and value chain development; research and development as well as training and capacity building.

How well is this Activity designed to promote and pursue Gender Equality and Women's Empowerment?

Rating 3. Good

- The moves by government in both countries towards promoting gender equality is noted and the initiative is specifically aimed at nutrition of women and infants.
- While the proposal notes that there will be measures to proactively mitigate against existing gender inequalities it is difficult to evaluate how effective

these may be. The proposal lacks discussion on how men and women participate in the agriculture and the barriers to empowerment of women.

- While there is considerable discussion on the cost and benefits of providing more nutritious and affordable food products the initiative is based on the fundamental assumption that people will buy it and should at some stage be tested. Affordability maybe the major problem however there maybe other barriers.

### How well is this Activity designed to protect and promote Human Rights?

Rating 3. Good

- The programme will contribute to the basic human right of access to adequate supplies of nutritious food.
- The programme specifically targets the poor in both urban areas and rural areas with additional support being provided (via the government in Rwanda) for the latter. This is supported by a sound argument around the pricing structure, maternal and infant health in both countries.
- There is no discussion on the status of ethnic minorities within the target areas and possible barriers to their participation although it is assumed this will be picked up during M & E it should be addressed in detail in the implementation manual.

Environment and Climate Change: Is this Activity design *likely to enhance the environment and sustainability* and how well will it manage and mitigate any potential negative impacts?

Rating 3. Good

Environmental and social impact category: Category P(A)

Refer to classification framework and ADD and design appraisal rules in the Environmental and Social Impacts Operational Policy.

- The rating of P (A) was given due to the potential impact of farming practices and the process factory on a fragile environment.
- The discussion around mitigation of risks resulting from use of petrochemical fertilisers, improved seeds, mechanical plowing and harvesting and use of water resources is rather weak. The introduction of GAP requires time (and resources) is usually done on a crop by crop basis and is not something that can be assumed as part of improvement to extension activities. While Ethiopia and Rwanda have a policy of GAP, programmes in both countries are in their infancy.
- Introduction of practices that advocate improved seed (rather than traditional varieties) and the use of fertiliser (to optimise benefits) while increasing yields does open up the possibility of increased dependency on more expensive inputs.
- To optimise yields from improved varieties farmers will need to increase use of both fertilisers and water. There are potential negative environmental implications in both cases – particularly over water use.

How well does this Activity design apply development effectiveness principles?

Rating 3. Good

- The proposal outlines management structures for implementation in both countries. These reflect activities and provide opportunity for developing and maintaining strong links government organisations as well the supporting NGO communities. The proposal recognises that a very high level of cooperation is needed and seeks to address this through capacity building.
- There is a strong reliance on the Ministries of Agriculture and Health to facilitate implementation. Dependency on the Ministry of Health to assist with distribution is considered along with how this can contribute to financial sustainability.
- Involvement of government extension workers is discussed however this may prove problematic if CHAI is requiring a dedicated work force and governments (often at the district level) set other priorities.
- A key aspect in building and maintaining ownership of the programme will be the generation of data and the flow of information between all participants. This is recognised in the proposal.

Effectiveness: Is this Activity likely to work?

Rating 3. Good

The proposal states modest and realistic production increases during the period 2014 – 2015.

- There are a large number of assumptions around improving agriculture productivity. For example although Ethiopia has a large number of extension workers transforming them into an effective service may be difficult. It is not possible to assess whether this will be possible without more information on how the extension service is organised and the constraints. Often the major problem is lack of transport.
- The success of the programme is predicated around the strength of the cooperatives. Activities to improve the performance of cooperatives could be strengthened by examples of critical success factors of cooperatives that are working well. The New Zealand experience (and elsewhere) is that cooperatives work well if members have some downstream ownership of the value chain ie the processing factories. Cooperatives based purely around contract farming do not usually provide enough incentive for members.
- The Rwanda factory assumes s9(2)(b)(ii) mt. At the yield states this amounts to around s9(2)(b)(ii) ha.s and given the very small areas may equate to over farmers. In the target areas of Rwanda it is stated that there are 15-20 maize cooperatives. To obtain the target volume will require an above national average membership and a high level of participation.

- The proposal does not address the issue of optimising factory capacity. The proposed crops are seasonal and this will result in extended periods where the factories are not used and impact on profitability.

- s9(2)(b)(ii)

- It is not clear how governments are able to guarantee the volumes and quality of locally produced crops simply by being involved in the negotiations.
- The provision of crop insurance is commendable but may be too ambitious in the start-up phase and in a drought prone country.

**Managing for Results: Are we *likely* to be able to assess the real progress of this Activity, and will this information be useful for Activity management?**

Rating 3. Good

- The results measurement tables are based on empirical data and provided there is good baseline data should provide an indication of changes. M & E provided for evaluating responses to changes in nutrition have been well documented and appear robust.
- A full M & E matrix needs to break down each activity to another level of data collection particularly or those impacting on agriculture production. For example a drop in yields (as measured by average yields) does not indicate reasons for change. Similarly a change in income may be as a result of higher yields, and/or prices or improvements to post harvest storage. The MFAT indicators that illustrate increased returns from sustainable agriculture ie a) number of people who have access to improved agricultural technologies and b) additional value of agricultural production do not provide sufficient information to evaluate the impact on management.
- Collection of data for agriculture indicators can be very time consuming as farmers do not usually keep records.

**Efficiency: Is this Activity *likely* to make good use of tax-payer funds?**

Rating 3. Good

- Predicted increases in household income are relatively modest and achievable within the scope of a double pronged approach aimed at increasing yields and reducing post harvest losses while maintaining some price stability. It should be noted that most of the projected increase in income is derived from an increase in yield rather than from increases in price. This is acceptable with the context of price volatility but may carry with it the risk of farmers being financially exposed (having increased expenditure on inputs) exposed when climatic conditions, pests and diseases etc reduce yields.

- Taken overall the return on investment would appear to be good even if yields only increased by 20% instead of the projected 30%.

#### Budget appraisal

- s9(2)(b)(ii)

- The budget for inputs works out at around \$ s9(2)(b)(ii) /farmer (in both countries). This seems inadequate though it is acknowledged that this may be supplemented by additional credit from the IFC (and others).
- The discussion places considerable emphasis on the importance of storage and transport infrastructure to reduce losses. For Ethiopia \$ s9(2)(b)(ii) has been budgeted against this item (there is no budget for Rwanda). It is assumed that the governments of both countries will fund these areas (Rwanda is doing this). It is assumed a similar argument applies for improving transport infrastructure however an indication of committed government expenditure against both items would improve clarity.

Impact: Is this Activity *likely* to achieve positive long-term changes?

Rating 3\_Good

- The project had the potential to reach a large number of people however it is very ambitious within the stated time frame. Farmers are inherently risk averse and tend to make changes slowly.
- Coordination of activities is a critical success factor and the interdependency is going to require a very high level of cooperation among all organisations involved.

Sustainability: Is it *likely* that Activity benefits / outcomes will last?

Rating 3\_Good

- The design is based around existing structures and requires very little additional institutional development. This will enhance sustainability providing capacity building is institutionalised.
- Success and sustainability over the long term will depend on whether farmers are able to accept the contractual terms offered by the factories. Experience in other places indicate that farmers (even when under contract) have a tendency to sell to the highest offer. This is an area that governments find difficult to control.
- The programme has a strong commercial base that phases out government subsidies. This is a sustainable approach providing profit margins of growers

increase during the early phase of implementation and that factories are able to become profitable.

## Conclusions and Recommendations

In conclusion, the ADD has been completed to an acceptable standard to proceed to implementation.

I therefore recommend:

- Do not proceed
- Address the identified issues; then resubmit for appraisal
- Address the identified issues; then resubmit to the Chair of the Appraisal Meeting for final approval to proceed
- Proceed; no changes are necessary

## Appraisal of Activity Design for CHAI Malnutrition Initiative

19/02/2014	Name	Role / Title	MFAT Div/Post or Org
Activity Manager (AM):	Virginia Dawson	Development Manager - Africa	GLO
Activity Design (ADD) author:	Clinton Health Access Initiative		Clinton Health Access Initiative
Author of this appraisal:	Virginia Dawson	Development Manager - Africa	GLO
Proposed Implementation lead :			GLO

### Summary

Activity name:	Partnership for Reducing Malnutrition and Increasing Agricultural Incomes in Africa		
Programme name:	Africa Regional Programme		
Country(s) where Activity is to be implemented:	Ethiopia and Rwanda		
Sector:	EDV: Agriculture / Fisheries		
Expected MFAT budget:	\$USD 7,264,373	Total budget:	\$USD <span style="border: 1px solid black; padding: 2px;">s9(2)(b)(ii)</span> million
Proposed modality:	Third party project		
Overall Activity risk:	High (hyperlink to completed <i>Activity Risk Register</i> ) <input checked="" type="checkbox"/> Includes assessment of partner risk Category P(A) Environmental and social impact category		
RECOMMENDATION:	Proceed; no changes are necessary		
Key Issues:	<ul style="list-style-type: none"> <li>• Little of detail provided on how agricultural component will be monitored.</li> <li>• No of funding is allocated for post-harvest loss in Rwanda.</li> <li>• No detail provided on subcontracting costs in Ethiopia.</li> <li>• Lack of gender disaggregated impact indicators in the results measurement table</li> <li>• Light analysis on gender issues, specifically around potential unintended consequences of the activity.</li> <li>• Concern that the subsidised price for the nutritious product will be unaffordable for the most vulnerable in Ethiopia</li> </ul>		

## Activity quality ratings

DAC Evaluation Criteria		Best Practice Criteria	
Relevance	4. Very good	Development Effectiveness	4. Very good
Likely effectiveness	4. Very good	Managing for results	3. Good
Likely efficiency	4. Very good	Gender equality & women's empowerment	3. Good
Likely impact	4. Very good	Human rights	3. Good
Likely sustainability of benefits	4. Very good	Environment and climate change	3. Good

### Relevance: Will this Activity do the right things?

Rating 4. Very good

- This proposal has a good analysis of the relevant issues associated with both the goal of increasing agricultural incomes and reducing malnutrition for Ethiopia and Rwanda.
- The development needs in both countries are clearly articulated and include greater detail of local specificities than the initial concept note. The proposal has evidence of a strong understanding of each country context, including the specific beneficiary and stakeholder needs and capacities.
- In addition to strong government consultation and commitment, there is evidence of good stakeholder engagement and potential incountry partnerships with various NGO and private partners. The proposal articulates how implementation will be conducted in partnership and alongside other initiatives in the sector.
- The NZ Aid Programme has a core focus on sustainable economic development, and within this focus, has identified agriculture as a sector priority. The funding we will provide under this proposed Activity supports the goals, outcomes and priorities of the agriculture sector framework (increased returns from sustainable agriculture). It is also closely aligned with the Africa Regional Programme's priority focus on agricultural development. Promotion of food and nutrition is also a priority under the NZ Aid Programme's Health Sector, as a key enabler of growth.

### How well is this Activity designed to promote and pursue Gender Equality and Women's Empowerment?

Rating 3. Good

- Monitoring of gender related indicators is noted as a strategy to mitigate gender inequalities. This will be analysed on a country by country basis.
- Some indicators in the results framework are sex disaggregated, such as the number of people who have access to improved agricultural technologies. However, the impact indicators relating to stunting, wasting

and underweight prevalence are not sex disaggregated. It is noted in the monitoring and evaluation plan that CHAI will conduct longitudinal and cross-sectional surveys that will include growth monitoring measures and household interviews that will be sex disaggregated. It will be important that sex disaggregated monitoring of indicators occurs throughout the programme as there is a risk in some contexts that male children are given preferential access to food.

- No analysis is provided on: (i) the impact on women of preparing specific separate food for children; (ii) the impact of providing a product to pregnant and lactating women and not men; or (iii) the implications of families having to purchase the Child's product and the potential affect this may have on the rest of the family's consumption, especially women or girl children.
- The proposal notes that it will draw from relevant national and legal guidelines on gender and agriculture published by each country. A good overview is provided of Rwanda and Ethiopia's government policies and processes to advance gender equity and how CHAI will feed into this.

How well is this Activity designed to protect and promote Human Rights?

Rating 3. Good

- The proposal will contribute to the realisation of a number of human rights including adequate nutrition and its resulting impact on rights to education. The programme supports Article 24 of the Convention on the Rights of Child which requires State Parties to take appropriate measures to a) "diminish infant and child mortality" and c) combat disease and malnutrition... through inter alia "provision of adequate nutritious food and clean drinking-water."
- By integrating many aspects of the project within existing government systems it is building the capacity of duty-bearers to fulfil their human rights obligations.
- Though not explicitly stated, the proposal contains the means to identify disadvantaged and/or marginalised populations. CHAI's monitoring of the the impact measures relating to stunting, wasting and underweight prevalence are not sex disaggregated will include information on sex, sex ratio, socioeconomic status, geographic location, local health care infrastructure, family size and composition, maternal status, and ethnicity of subculture. Through disaggregating this information there will be opportunity to understand which groups are disadvantaged and what the causes of disadvantage may include. Therefore, there will be potential to target implementation to reach areas that are disadvantaged.
- Analysis has been conducted on the country specific pricing and affordability of the product. s9(2)(ba)

**Environment and Climate Change: Is this Activity design likely to enhance the environment and sustainability, and how well will it manage and mitigate any potential negative impacts?**

Rating 3. Good

**Environmental and social impact category: Category P(A)**

Refer to classification framework and ADD and design appraisal rules in the Environmental and Social Impacts Operational Policy

- The rating of P (A) was given due to the potential environmental impact of the factory which is seen as the highest risk. Within their proposal, CHAI have provided assurance that the project will be carried out to international environmental standards and comply with all local regulations.
- Understanding of the regulations in Rwanda and Ethiopia was illustrated. The Environmental Protection Authority of Ethiopia and the Rwanda Environmental Management Authority will play a role in the monitoring of adherence to national regulations.
- An overview of opportunities for environmental development under the proposal was included that noted the project will decrease vulnerability and increase resilience of smallholder farmers to climate change, decrease food wastage and decrease the negative environmental effects of importing food.
- Environmental risks and mitigation strategies for the overall programme were outlined and deemed to be satisfactory. Of note to component 3 was the risk of negative consequences of intensification of agriculture which will be mitigated by applying modern agricultural techniques and good agricultural practices.
- It is not articulated how the identified environmental risks will be monitored by CHAI.

**How well does this Activity design apply development effectiveness principles?**

Rating 4. Very good

- This activity has strong buy-in and ownership by both partner governments. The Ministries of Health and Agriculture are expected to lead government agencies for the initiative through. National steering committees which will be established through government structures. In Ethiopia this will be under the National Nutrition Coordinating Body. In Rwanda two coordinating bodies have been established and will be overseen by the Ministry of Agriculture.
- Ministries of Agriculture will provide overall support to program design and implementation including, facilitating of forward contacts with cooperatives, guarantees of quality and volumes of local crops, regulatory support to cooperatives and sector strengthening through public extension networks.
- The Ministries of Health will run public health programmes to promote the use of the product. The product will be delivered through the same distribution system as health commodities, using the same ordering system

but adding additional storage. s9(2)(b)(ii)

- CHAI has conducted a mapping of existing national information systems and will work to build the capacity of national data collection systems so that key indicators can be generated by governments over the course of the project.
- s9(2)(ba)

- Funds provided by MFAT to CHAI are predominantly for capacity building and therefore, not appropriate to be delivered through the partner government's public financial management system.
- CHAI seeks to build the capacity of national actors, including governments, cooperatives, NGOs and the private sector. Its approach of working through existing systems is evidence of this. There is also evidence of coordination with other development initiatives.

Effectiveness: Is this Activity *likely* to work?

Rating 4. Very good

- This ambitious proposal has a logical flow between the key outputs, outcomes and goal which reflects the identified development needs. If all components of the proposal are successful this will be a highly effective initiative.
- Due to the scale of this initiative, multiple partners and funding sources are required for the overarching goal to be achieved. MFAT are in regular contact with CHAI to monitor progress securing the critical partnerships and are comfortable that the initiative is progressing well.
- Programmatic risk management strategies are discussed in the following areas: profitability of the business model; reliable supply of agricultural inputs; product distribution and update; and the interdependency of the workstreams. Environmental risk management is also discussed in detail.

Managing for Results: Are we *likely* to be able to assess the real progress of this Activity, and will this information be useful for Activity management?

Rating 3. Good

- Results measurement tables have been developed for Ethiopia and Rwanda with baseline information and annual targets.
- The monitoring and evaluation plan notes the importance of collecting sound baseline data through community-based cross-sectional surveys which is an appropriate method but resource intensive. CHAI will work with national

health information systems to build their capacity to collect the information required which will aim to reduce the requirement for one-off surveys.

- There is a lack of baseline data for many of the agricultural indicators. The proposal states that it will conduct targeted surveys within partner cooperatives in order to measure yields, incomes and contamination levels and track improvements over time but does not go into further detail regarding methodology. Defining appropriate methodologies for measuring agricultural indicators may be an area where MFAT could provide technical assistance.
- CHAI have included two MFAT headline indicators to illustrate increased returns from sustainable agriculture (1) number of people who have access to improved agricultural technologies and (2) additional value of agricultural production.
- MFAT's Health advisor has confirmed that indicators for stunting, wasting and underweight children are accurate. Data for key impact indicators of malnutrition in children will be able to be sex disaggregated and this needs to be displayed in the results measurement table.
- It is positive to see that the proportion of infants, 0-6 months exclusively breastfeed will be monitored alongside product distribution to ensure there are no adverse effects of product uptake.
- MFAT are in discussions with DRD to conduct joint monitoring and evaluations of the activity. MFAT will likely contribute agricultural technical assistance to ensure that the activities under component three are adequately monitored.
- The budget has funds allocated for a Director of M&E and M&E Associate in the global team. M&E coordinators are budgeted for in Rwanda and Ethiopia.

Efficiency. Is this Activity *likely* to make good use of tax-payer funds?  
Rating 4. Very good

- This activity aims to raise farmer's annual household incomes by \$229 in Ethiopia and \$168 in Rwanda by 2017. Overall the activity will work with 229,000 smallholder farmers, 188,000 in Ethiopia and 41,000 in Rwanda. Each year following 2017, the total increase in farmer incomes is expected to be \$43,052,000 for Ethiopia and 6,888,000. This can be seen as a very good return on an investment of 7,264,373 while noting that success is dependent on all components of the wider program being successfully implemented, which have a much higher overall total investment.
- The potential for the wider activity to combat malnutrition represents potential to have wide economic implications. 44% of children in Ethiopia and Rwanda are stunted which is a total of 6,082,560 children. The economic cost of malnutrition is significant. It is estimated in Ethiopia 10% of GDP is lost annually to the combined effects of stunting, iron deficiency and iodine deficiency.

- Activity implementation strategies are drawing on lessons learned from previous programmes and includes strategic partnerships with experienced organisations such as the IFC.
- The scale down of component three during the fourth year of implementation may be too ambitious and farmers may require further support to maintain levels of production. This risk will be monitored and discussed with CHAI if necessary.
- The governance structures in each country will be led by relevant Ministries. In addition, MFAT and DFID would like some sort of high level oversight committee consisting of donors, investors, governments and CHAI to meet at least once per year. We have agreed it would make sense to tie this into the annual reporting cycle.

#### Budget appraisal

- Overall, the budget for component three is clearly linked to the results, it appears reasonable and cost-effective.
- The budget reflects the intensive work required in the first two years for component three then reduces as less support is expected to be required.

#### Ethiopia Budget

- Component three contributes to approximately s9(2)(b)(ii), s9(2)(a) of a Country Director, s9(2)(b)(ii) of a Deputy Country Director, s9(2)(b)(ii) of a Programme Manager and s9(2)(b)(ii) of a Nutrition Deputy Program Manager. The relevance of the high contribution by the agricultural component towards the nutrition program manager could be questioned; however this may be understood if they take on general deputy program manager responsibilities. Four agricultural national staff is included.
- Country Director salary costed at USD s9(2)(b)(ii) per year. This is at the higher end of NGO salaries but likely reflects the total cost of the employment package which may include insurance, housing and other benefits.
- Travel costs are 12% of the total budget for component 3, and given the focus on outreach and training this is appropriate.
- The subcontracting arrangements for component 3.3 have not been finalised and there is no detail on this budget line s9(2)(b)(ii)
- Activity 3.5 includes allocations of costs for travel, meals and accommodation. Other allocations for lodging and meals are allocated to the cross cutting expenses of key staff. It would be good if this was standardised for clarity.
- Year 4 (2017) has substantial staff and travel costs allocated, s9(2)(b)(ii) with only s9(2)(b)(ii) allocated to one activity, post-harvest losses. It would be useful to s9(2)(b)(ii)

hear the rationale for this division in costs and more detail of what the staff will be achieving during this year.

s9(2)(b)(ii), s9(2)(a)

#### Rwanda Budget

s9(2)(b)(ii), s9(2)(a)

- No funds from component three are allocated to the CD or DCD. Component three contributes of a Program Manager and of 7 Agricultural staff and of an assistant program officer.

s9(2)(b)(ii), s9(2)(a)

- In this budget, lodging and meals, as well as car expenses are allocated by component rather than in the cross-cutting expenses. Expenses allocated are reasonable.
- The program implementation costs listed under component three s9(2)(b)(ii) are a contribution towards 48% of rental expenses allocated to this overall programme.
- Some detail is provided on the sub contract for component 3.3. Estimated costs look reasonable.
- No funds are allocated to the activity 3.4 Reduce harvest and post-harvest crop losses. The proposal describes the importance of addressing post-harvest losses and it is difficult to understand how CHA will implement appropriate technological solutions, develop and execute optimal logistics processes, and storage solutions without funding allocated. It would be interesting to ask if other donor support will be requested for this activity.

#### Global Team Budget

- Overall, global team costs are 10% of the total budget which is in line with other NGOs.

s9(2)(b)(ii), s9(2)(a)

- Travel assumptions for the global team is that they 75% of the team travel for 10 days each month, which is quite frequent.

s9(2)(b)(ii), s9(2)(a)

Component 3 is funding of the nutrition director in the first year and in the following years. Could question relevance to the agricultural component, but note M&E expenses have not been allocated to component 3 and that the nutrition director will play a role in impact monitoring of the overarching programme.

s9(2)(b)(ii), s9(2)(a)

- of the Agriculture Associate is allocated to component 3.

**Impact: Is this Activity likely to achieve positive long-term changes?**

Rating 4. Very good

- This is a potentially high impact activity that will be implemented at a large scale. If successful, this activity has the potential to raise the incomes of 229,000 small holder farmers while reducing malnutrition in children dramatically.
- The overall success of the activity is contingent on all components being effectively implemented, therefore, there is a high element of risk involved. A critical component of the success of the agricultural component is establishment of the factories to buy the produce, which will be made into the nutritional product.

**Sustainability: Is it *likely* that Activity benefits / outcomes will last?**

Rating 4. Very good

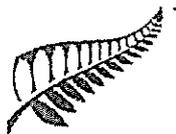
- The activity has been designed with sustainability as a primary objective by promoting a commercial and government led solution to malnutrition. Governments lead the implementation which seeks to work through existing structures and methodologies. A systems strengthening approach is taken rather than that of creating parallel mechanisms that are often unsustainable.
- The overarching initiative is based on a commercial venture to produce and sell the nutritional products. This venture will need to be sustainable in the medium term to return the investment made by the commercial partners.

## Conclusions and Recommendations

In conclusion, the ADD has been completed to an acceptable standard to proceed to implementation.

I therefore recommend:

- Do not proceed
- Address the identified issues; then resubmit for appraisal
- Address the identified issues; then resubmit to the Chair of the Appraisal Meeting for final approval to proceed
- Proceed; no changes are necessary



NEW ZEALAND  
Department of Foreign Affairs and Trade



2 December 2013

Minister of Foreign Affairs

For action by 9 December 2013

AFRICA DEVELOPMENT: CHAI

SUBMISSION Issues

PURPOSE To update you on developments regarding *s9(2)(b)(ii)* in the initiative to combat chronic malnutrition led by the Clinton Health Access Initiative and to seek your views on engagement under the Aid Programme

Recommended referrals

Contact details

NAME	ROLE	DIVISION	WORK PHONE	MOBILE PHONE
Craig Hawke	Deputy Secretary	IDG	<i>s9(2)(a)</i>	
Cecile Hillyer	Director	IDG Global Bilateral		

Minister's Office comments

*Seen while handling - not signed. MFA wants to discuss with Craig Hawke before any next steps*

Approved 5/12/13

Signed / Referred  
Date: 4.12.2013

B/C

Key points

As canvassed in earlier submissions, OOS, 9(2)(b)(ii)

Clinton Health Access Initiative (CHAI). CHAI has also been engaging the New Zealand Government about potential support under the Aid Programme: OUT OF SCOPE USD10m for agriculture (horticultural cooperative) strengthening (Ethiopia, Malawi, Tanzania).

OUT OF SCOPE

CHAI CEO Ira Magaziner has expressed to us

OUT OF SCOPE

He has suggested that, in addition to doing agriculture strengthening in Ethiopia, New Zealand could contribute to this element of the initiative in Rwanda, OUT OF SCOPE. Thus the proposal now from CHAI is USD10m for agriculture strengthening over the five year period 2014-2018 in Ethiopia, Rwanda, Malawi and Tanzania.

OUT OF SCOPE

The intervention, and New Zealand government involvement with it, has a high and positive profile with governments in Rwanda and Ethiopia. We have close relations with both countries. s9(2)(b)(ii)

s9(2)(b)(ii)

OUT OF SCOPE

Support for the promotion of agricultural cooperatives under the intervention would be consistent with our strategy and brand in Africa, as well as adding substance to the food security/agriculture arrangement we will have with Ethiopia.

While the intervention potentially brings high rewards, its scale and ambition also means high risk. If you were to agree with our recommendation that we continue our support for the intervention, we would propose in principle agreement of a USD10m envelope for agriculture strengthening subject to the following conditions:

- o The specific investment would be limited at this stage to the pilot countries of Rwanda (USD1.5m) and Ethiopia (USD5.2m)
- o Extension of support within the USD10m envelope to s6(a) would be subject to satisfactory progress in Rwanda and Ethiopia

This submission reflects consultation with MEA, UNHC and Ambassador AUE

Recommendations

It is recommended that you:

1 Yes / No

2 OUT OF SCOPE Yes / No

3 Note that CHAI has sought confirmation of New Zealand government support for agriculture strengthening under the intervention, proposing a USD10m investment from the Aid Programme in Ethiopia, Rwanda, s6(a) Yes / No

4 Note the high visibility and approval of the intervention and New Zealand involvement in it with governments in Rwanda and Ethiopia, and its fit with our development strategy in Africa Yes / No

5 Agree that USD10m from the Aid Programme would be available for agriculture strengthening support under the intervention for Rwanda, Ethiopia, s6(a) but that a specific commitment be limited to up to USD6.7m for Rwanda and Ethiopia at this stage Yes / No

6 Agree that extending investment from the Aid Programme to s6(a) s6(a) would be subject to satisfactory progress by the s9(2)(a) intervention in Rwanda and Ethiopia

Craig Hawke  
for Secretary of Foreign Affairs and Trade



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE



15 July 2013

Foreign Affairs

For action by

16 July 2013

Africa: Support to Clinton Health Access Initiative

SUBMISSION Issue

PURPOSE

To update you on discussions between Fonterra and MFAT regarding a partnership under the Aid Programme and to seek your in-principle support for funding to the Clinton Health Access Initiative malnutrition programme in Africa in conjunction with Fonterra.

Recommended referrals

Contact details

NAME	ROLE	DIVISION	WORK PHONE	MOBILE PHONE
Cecile Hillier	Director	IDG, GLO	s9(2)(a)	
Kathleen Pearce	Deputy Director	IDG, GLO		

Minister's Office comments

Signed / Referred

Date: \_\_\_ / \_\_\_ / \_\_\_

RELEASED UNDER THE OFFICIAL INFORMATION ACT

## AFRICA: SUPPORT TO CLINTON HEALTH ACCESS INITIATIVE

### Key points

- Ahead of your 30 July meeting with the CEO and Board Chair of Fonterra, discussions on a partnership under the Aid Programme are progressing well. There is mutual interest in a high-level partnership arrangement and in working on specific activities in s6(a)

- Decisions on working in Africa with the Clinton Health Access Initiative (CHAI) are likely to be taken in the next couple of weeks. The CHAI approach, put to us and Fonterra in March, is a large new programme to combat chronic malnutrition in infants aged 6-24 months in Africa and potentially in s6(a)

The initiative is on track to start in Rwanda and Ethiopia this year. Further 'round one' expansion is likely to include s6(b)

Fonterra involvement would be to supply skim milk powder, s9(2)(b)(ii) and strengthen selected local dairy industries.

The third of these areas presents an opportunity for MFAT to partner with Fonterra and is in line with our Africa programme strategy to strengthen agriculture drawing on New Zealand's comparative advantage. The initiative allows both investment in dairy and broader agriculture development.

s9(2)(b)(ii) Initial discussions suggest that a contribution under the Aid Programme of between NZD                      n over five years would be commensurate with playing a key role in dairy agriculture development under CHAI. We would draft a paper for you to Cabinet, in recognition of the scale and profile of the initiative, as well as formal delegations. The funding would come from within existing baselines, while requiring some reprioritisation in expenditure schedules across the NZD1.5b triennium programme.

- While the issue remains highly commercial-in-confidence, Fonterra is hoping to have a positive decision from their board by the end of July, which will allow them to join CHAI's proposed public announcement of the initiative during the visit by former President Clinton to Rwanda to break ground on the first factory in the first week of August. If it were to be approved, support by the New Zealand Government could be included in the CHAI announcement.

## AFRICA: SUPPORT TO CLINTON HEALTH ACCESS INITIATIVE

### Recommendations

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It is recommended that you:

- 1 **Note** that discussions between Fonterra and the Ministry of Foreign Affairs and Trade regarding a partnership under the Aid Programme are progressing well Yes / No
- 2 **Approve** as a basis for discussions with Fonterra and the Clinton Health Access Initiative (CHAI) an approach in-principle envisaging support of between NZE million over five years to support the local dairy and agriculture strengthening components of the CHAI malnutrition programme in Africa Yes / No  
s9(2)(b)(ii)
- 3 **Note** that, in line with CHAI's longer-term vision for s6(a) we would propose to work with Fonterra to promote the transformation of the dairy industry in at least three countries covered by the initiative, and provide targeted support to other countries if requested by governments Yes / No
- 4 **Note** that a contribution to the agriculture (wheat, bean) component will allow a NZ contribution in all countries the programme is rolled out to, even where dairy support proves not feasible Yes / No
- 5 **Agree** that a paper be prepared for Cabinet on New Zealand support for the CHAI initiative Yes/No

Craig Hawke  
For Secretary of Foreign Affairs and Trade

## AFRICA: SUPPORT TO CLINTON HEALTH ACCESS INITIATIVE

### Report

Discussions with Fonterra about a partnership with the Ministry of Foreign Affairs and Trade under the Aid Programme have been progressing well. On 11 July, IDG and key Fonterra officials had a day of discussions which made helpful progress on the principles for an overarching partnership document and activities underneath it. Your meeting with the CEO and Chair of the Board on 30 July will be an opportunity to confirm approaches discussed at officials level and potentially to resolve any outstanding areas of divergence.

2 As things stand, there is strong mutual interest in working together in Africa under the Clinton Health Access Initiative (CHAI) and in s6(a) (IDG) and Fonterra staff have been there last week scoping a possible design). Fonterra is keen on partnering with the Aid Programme in s6(a)

3 Matters are advancing most rapidly regarding our partnership in Africa and we seek your approval regarding next steps so we can progress in coming days.

#### CHAI

4 In March this year, the CEO of CHAI approached both Fonterra and MFAT (IDG) seeking involvement in a large new programme they are developing to combat chronic malnutrition in infants aged 6-24 months in Africa and, potentially, s6(a). The programme would also include improved nutrition for pregnant and lactating women. This would be done through the production of a high nutrition porridge, using local staples (such as maize, beans, wheat and sugar), fortified by micronutrients and skim milk powder (SMP). The porridge will be sold locally but CHAI also hopes to sell a large volume to the World Food Programme.

5 CHAI is in discussions with several international companies (including Fonterra) to s9(2)(b)(ii). The capacity of local farmers to provide high quality inputs in sufficient volumes will be supported through an agriculture component. The programme will be led and implemented in conjunction with respective governments.

6 The initiative is on track to start in Rwanda and Ethiopia this year, with a further two countries to be started early next year. Likely countries beyond Rwanda and Ethiopia include s6(a)

CHAI is aiming to have the first product on the shelves in Rwanda in the first quarter of 2015.

7 CHAI had hoped that SMP could be sourced locally, or at least regionally, as per the other ingredients, both to increase the incomes of local farmers and lower the overall cost of the porridge. A recent visit to the region by Fonterra dairy experts, however,

## AFRICA: SUPPORT TO CLINTON HEALTH ACCESS INITIATIVE

concluded that quality control along the value chain was too weak, especially for a product going to vulnerable infants and pregnant women. CHAI has therefore accepted they will need to use imported SMP in the short to medium term, but want to make strengthening of the local dairy industry a component of the overall programme with the view to one day using local SMP also. While CHAI is still working its thinking through, they envisage creating two-three quality dairy hubs to supply the product: one in the east, one in the west and possibly one in the south of the continent.

s9(2)(b)(ii)

12 While costings are still being worked through, in-principle support from the Aid Programme of between NZ\$ million over five years would facilitate discussions with Fonterra and CHAI commensurate with the New Zealand Government playing a key role in the initiative. It would allow MFAT and Fonterra to promote the transformation of the dairy industry in at least three countries, and for MFAT to contribute to the agriculture strengthening component in all countries - thereby extending the number of countries we are involved in. The three 'transformational' dairy investments would aim to put the local industry on a pathway to eventually supplying SMP to the factories. More modest, targeted dairy support may be provided in other countries if requested by governments and feasible.

13 The countries selected for 'transformational' dairy activities would depend on having the right context for a sustainable industry, government support and be priority countries for Fonterra and MFAT. The picture of which countries might be suitable is still very fluid, as are full costings. CHAI believes s9(2)(ba)

Fonterra is currently gathering data on the dairy sector in Rwanda and provided there are sufficient farms of moderate size it would be a logical country to start in; it is small, organised and

## AFRICA: SUPPORT TO CLINTON HEALTH ACCESS INITIATIVE

responsive to change. It will also be the 'first cab off the rank' for the CHAI programme, thereby demonstrating to others what support New Zealand can offer.

14 While the matter remains highly commercial-in-confidence, Fonterra is hoping to have a positive decision by the end of July, which would allow a public announcement to be made during the visit by former President Clinton to Rwanda to break ground on the first factory in the first week of August. If you were to approve in principle a contribution under the Aid Programme in coming days, this would allow us to engage with CHAI and Fonterra, thereby strengthening New Zealand's profile in the initiative, and could be included in the August announcement.

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## Activity Monitoring Assessment for CHAI Rwanda & Ethiopia

Activity Manager name:	Status:	Final
s9(2)(a)	Date finalised:	23/07/2015

### Summary

Activity AMS ID	A11846-A01	
Activity name	Reducing Malnutrition and Increasing Agriculture Incomes Initiative	
Programme name	Africa Regional	
Country(s) where implemented	Rwanda and Ethiopia currently and will later expand into Tanzania and Malawi	
Aid Programme theme		
Sector	Agriculture	
Aid modality	Joint project – co-funded by Department for International Development (DFID) & ELMA Foundation	
Implementing partner(s)	Clinton Health Access Initiative	
Activity start and end dates	Start date: 1/2/2014	Expected end date: 31/1/2019
Assessment period covered by this AMA	Assessment start date: 1/1/2014	Assessment end date: 31/12/2014
Whole-of-life MFAT budget	\$13,000,000.00	Total budget :\$ 43,027,457 (i.e. including other donors/ partners)
Total MFAT expenditure to date	\$1,275,186	Total expenditure: Not reported (i.e. including other donors/partners)
Cross-cutting issues markers (AMS)	Gender Equality	Partially mainstreamed
	Human Rights	Partially mainstreamed
	Environment	Not Targeted
	Climate Change Adaptation	Not Targeted
	Climate Change Mitigation	Not Targeted

Pre-populated data checked by Activity Manager	✓
Overall Activity risk	High
Outcomes achieved during the year	<p>This is the first AMA for the activity and outlines progress made towards achieving outputs and objectives (outcomes). The activity is funded by multiple donors and the activity documents do not follow standard MFAT templates, therefore this AMA reports against progress towards the five activity objectives in place of outcomes.</p> <p>The results matrix is currently being finalised between donors and CHAI, therefore the next AMA will be better placed to report against outcomes once agreed. Reporting against Impact indicators, which measure the effects of the activity on children's growth and development, will be available from 2017.</p>

Objective 1: Develop a suite of food products, suited to local tastes, to provide complete nutrient solutions to pregnant and lactating women and young children.

Rwanda

- Assessment of pregnant and lactating women's food preferences complete
- The government of Rwanda adopted complementary feeding guidelines aligned with the fortified blended food product formulation
- The FBF has been registered and CHAI arranged an expedited process to achieve this.

Ethiopia

- Analysis of PLW food preferences completed
- Assessment of input crop quality completed
- Food product registration process initiated

Objective 2: Create joint ventures of other cooperative business arrangements to produce the suite of nutrition products at impeccable quality standards

Rwanda

- The business model was developed and approved by investors (HoldCo)
- The Government of Rwanda and the International Consortium negotiated and signed a term sheet defining the parameters of the Joint Venture
- Factory site was selected for construction and an environmental impact assessment completed
- The Government of Rwanda agreed the term sheet of the legal joint venture agreement.

Ethiopia

- Business model developed and approved by IC partners
- The Government of Ethiopia and IC has signed the term sheet providing JV framework.
- Legal documents for the formation of the JV have been drafted
- Open call for local JV partners issued and vetting completed
- The Ethiopian Prime Minister and CHAI leadership held discussions on mobilizing political support for JV formation and programme implementation

Objective 3: Develop tools and systems to increase the productivity and crop quality of the small holder farmers who will provide input crops to the food production facility

Rwanda:

- Partner cooperatives selected and baseline agricultural data collected
- Extension support initiated through the Rwanda Development Organisation
- Technical assistance plans for cooperative strengthening laid out with partners
- Farmer financing model finalized and due diligence completed with local bank
- Input procurement for partner cooperatives facilitated with MINGRI support

Ethiopia

- Cooperative baseline data collected from potential partner cooperatives
- User manuals for cooperative strengthening developed
- Farmer financing model for Ethiopia developed
- Analysis of input access and post-harvest handling capacity completed
- MOU developed and signed between CHAI, the Federal Ministry of Agriculture and the Federal Cooperative Agency

Objective 4: Establish or strengthen supply chain systems to ensure product delivery across target areas in Ethiopia, including delivery to remote and hard-to-reach areas

Rwanda

- Costing exercise completed examining Medical Procurement and Distribution Division (MPDD) distribution scenarios

	<ul style="list-style-type: none"> <li>- Qualitative assessment of distribution channels with a draft action plan completed and disseminated</li> </ul> <p>Ethiopia</p> <ul style="list-style-type: none"> <li>- Branding exercise undertaken to determine product name</li> <li>- Market research initiated in collaboration with HoldCo</li> <li>- Rapid assessment conducted of existing distribution systems</li> <li>- Working document on distribution systems developed</li> <li>- Engagement initiated with WFP on logistics and distribution</li> <li>- Assessment undertaken of local availability of packaging systems</li> </ul> <p>Objective 5: Implement public health programs to drive product uptake, ensure widespread product access, and educate households on appropriate product utilization.</p> <p>Rwanda</p> <ul style="list-style-type: none"> <li>- Branding exercise undertaken to determine product name</li> <li>- Market research initiated in collaboration with HoldCo</li> </ul> <p>Ethiopia</p> <ul style="list-style-type: none"> <li>- MOU signed with Federal Ministry of Health (FMOH) on implementation of nutrition public health program</li> <li>- Represented in key nutrition Technical Working Groups</li> <li>- Technical support provided to the national nutrition program</li> <li>- Branding exercise completed for brand name selection</li> </ul>
<p>Outputs achieved during the year</p>	<p>Progress towards achieving the outputs under Objective 3 (Agricultural Strengthening) are described below. MFAT's funding is directed towards this Objective and the outputs reported against are those included in the contract with CHAI. Data illustrating progress towards achieving agricultural strengthening targets will be available on an annual basis from 2015 onwards.</p> <p>Output 1: Agricultural farmers cooperatives strengthened</p> <p>Rwanda – 12,233 farmers have benefited from:</p> <ul style="list-style-type: none"> <li>- Training in cooperative leadership, governance, financial management, pricing &amp; marketing from a technical agricultural partner,</li> <li>- Agricultural training focusing on improving production &amp; post-harvest systems,</li> <li>- Access to finance and contracts to purchase some of their produce</li> </ul> <p>Ethiopia</p> <ul style="list-style-type: none"> <li>- CHAI has identified 11 cooperatives to potentially work with once HoldCo is finalised, using criteria they jointly established with the Cooperative Promotion agency</li> <li>- CHAI undertook a needs assessment of cooperatives capacity needs and in collaboration with the Regional Cooperative Promotion Agency</li> <li>- CHAI has developed user manuals on Financial and Cooperative Management, Good Governance, Agricultural Marketing and Product Quality Management to improve the capacity of cooperatives once training commences</li> </ul> <p>Output 2: Financing mechanisms for farmers developed with support from the International Finance Corporation (IFC)</p> <p>Rwanda:</p> <ul style="list-style-type: none"> <li>- Access to finance was secured for Rwandan farmers for the first season by CHAI while and forward contracts were secured for the farmers</li> <li>- Facilitated engagement between IFC and a local bank to provide access to finance for the Rwandan farmers in the programme</li> </ul> <p>Ethiopia</p> <ul style="list-style-type: none"> <li>- Developed a farmer financing model which will to reduce lending risks local banks and reduce the interest rate partner cooperatives have to pay.</li> <li>- Initiated discussions with potential local banks that could potentially finance</li> </ul>

	<p>the farmers once the HoldCo is finalised.</p> <p>Output 3: Access to agricultural inputs (such as fertiliser) are improved</p> <p>Rwanda:</p> <ul style="list-style-type: none"> <li>- Facilitated engagement between the Government of Rwanda (GoR) &amp; input suppliers to ensure farmer to access to timely and better quality inputs</li> <li>- Rwandan farmers were able to access timely and better quality inputs</li> </ul> <p>Ethiopia:</p> <ul style="list-style-type: none"> <li>- Reviewed the constraints to input access and are assessing possible solutions</li> <li>- The ATA and the Ministry of Agriculture are conducting soil mapping to determine site-specific recommendations for inputs and agricultural practices.</li> </ul> <p>Output 4: Harvest and post-harvest losses are reduced</p> <p>Rwanda:</p> <ul style="list-style-type: none"> <li>- In Rwanda technical assistance from CHAI has resulted in some farmers using improved technologies to reduce post-harvest loss</li> </ul> <p>Ethiopia:</p> <ul style="list-style-type: none"> <li>- Work was delayed under this output in Ethiopia and is expected to start once HoldCo is finalised</li> </ul> <p>Output 5: Regional level reviews undertaken</p> <ul style="list-style-type: none"> <li>- It is too early in the life of the activity for CHAI to convene regional review meetings to capture and share lessons learned</li> </ul>
<p>Key conclusions</p>	<ul style="list-style-type: none"> <li>• The first year of implementation of this activity has been good, despite some significant challenges. Good progress has been made towards achieving all objectives (outcomes) with the exception of Objective 2 (Create joint ventures of other cooperative business arrangements to produce the suite of nutrition products at impeccable quality standards). The interconnected nature of the business model means that the ultimate success of all objectives is contingent on the establishment of the factory to produce the nutritional products. Substantial delays in reaching this agreement between the shareholders have caused the timeframes for factory construction and product launch to be pushed back by over one year.</li> <li>• There is a risk that the shareholder agreement to form the international holding company cannot be reached and in result, the business model is not viable. MFAT are monitoring this risk closely and have expressed concern to CHAI over the weak communication of the challenges faced in the establishment of the international holdings company. The constant delays impact MFAT's stakeholder expectations, which required internal management. Further delays may require discussions on potential measures to safeguard our investment such as pausing funding until the agreement can be reached.</li> <li>• Despite delays, we remain optimistic in our investment and the opportunities presented by the business model. CHAI have tirelessly worked to broker the international agreement and have successfully put in place the majority of the country level agreements required to begin construction. CHAI have managed to secure sites for one factory in each country, develop factory and equipment plans, develop financing models for the farmers, identify agricultural training providers and contract one in Rwanda and negotiate commitments from government to purchase and distribute the nutritious food.</li> <li>• Progress towards achieving outputs under Objective 3 (Agricultural Strengthening) have been very good in Rwanda but delayed in Ethiopia due to the lack of the international agreement to construct the factories. We are expecting strong results from the upcoming Agricultural survey in Rwanda where it is anticipated that the increase in maize productivity will represent a</li> </ul>

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	<p>good return on MFATs year one investment. The agricultural strengthening work directly with farmers in Ethiopia has been delayed and resulted in a significant underspend. Ethiopia is a much more complex operating environment than Rwanda and the approach to build solid business model in Rwanda before transferring this to Ethiopia reduces risk.</p>
Actions	<p>The following key actions are planned or underway as a result of issues identified in this assessment (include issues relevant to transition/ exit):</p> <ul style="list-style-type: none"> <li>• Tighter monitoring will be conducted on progress towards the establishment of the international holding company through the provision of joint donor updates via teleconference every two weeks.</li> <li>• MFAT, ELMA &amp; DFID have agreed on harmonised reports and results frameworks which still need to be confirmed, and</li> <li>• Donors will confirm a timeframe for an annual joint visit.</li> </ul> <p>The results of actions from the previous monitoring assessment were:</p> <ul style="list-style-type: none"> <li>• N/A this is the first AMA</li> </ul>

### Results Framework

Is there a results framework for this Activity or partner equivalent approach?	<ul style="list-style-type: none"> <li>• Yes - Meets needs</li> </ul>
If there is no results framework (or partner equivalent) and/or the quality is inadequate, what actions will be taken to address this?	<ul style="list-style-type: none"> <li>• The results framework is being harmonised to reflect the requirements of MFAT, ELMA &amp; DFID. The current draft is very comprehensive and robust. MFAT provided input into the results frameworks development and have provided final feedback to ensure key MFAT headline indicators are included.</li> <li>• CHAI has collected agricultural baseline data in Rwanda in March and April 2014 on key agricultural indicators. MFAT provided technical advice on indicator selection and data collection methods. A post season assessment will be conducted next year to demonstrate results which will be provided in the mid-year report. This will produce a robust annual results measurement of the agricultural strengthening component which we are funding. An agricultural baseline assessment in Ethiopia will commence in June 2015 drawing on lessons learned in Rwanda.</li> <li>• CHAI have a comprehensive monitoring process under way to demonstrate results in activity impact on malnutrition. Enrolment of 600 children for a cohort study has been successfully undertaken in Rwanda to gain baseline data before product launch. They study was approved by the key Rwandan nutrition authorities and the government and will feed into the GoR's national data collection system.</li> </ul>

# 1. Assessment of Activity Implementation

## Effectiveness

These ratings use the Activity Quality Rating Scale:

Item	Rating
Progress delivering the Activity's outputs	2. Not Adequate
Progress against short-term outcomes	2. Not Adequate
Progress towards achieving medium-term outcomes	2. Not Adequate

- Progress towards achieving the outputs and short-term outcomes for all objectives is significantly delayed. Without the finalisation of the agreement to establish the joint ventures (objective 2), the majority of medium-term outcomes will not be achieved, hence the rating of not adequate at the time of the AMA.
- Under objective 3, good progress is being made towards delivering outputs and achieving short-term outcomes among CHAI supported maize farmers in Rwanda. However, this progress is overshadowed by the delay in initiating soya production in Rwanda and the delay in rolling out the agricultural strengthening work in Ethiopia. The groundwork to begin both soya production in Rwanda and to commence the agricultural strengthening work in Ethiopia has been conducted and once HoldCo is signed, it is poised to roll out quickly.

## Relevance

Has there been any change in Activity relevance during the assessment period? No

CHAI are continuously testing and refining the relevance of the business model. This approach is both pragmatic and important given the wide breadth of stakeholders involved across the activity.

## Efficiency

Rwanda

- The budget was 24% underspent and under expenditure was caused by slight delays in hiring staff and cost savings on travel. Overall expenditure was justified based on the deliverables achieved under each budget line i.e. there has been good progress on Agricultural farmers cooperatives being strengthened; Financing mechanisms for farmers have been developed & access to agricultural inputs has been improved which justifies the 95%, 94% & 87% expenditure for each respective budget line.

Ethiopia

- Expenditure in Ethiopia was 61% underspent largely due to the delayed start of project activities caused by the delayed formulation of the HoldCo.

## Sustainability

- The business model implemented is designed to be both sustainable and to return a profit. CHAI's commitment to working through government systems has been demonstrated in both Rwanda and Ethiopia. Government inclusion in the joint venture for each country has generated a high level of buy in. This is evidenced through the provision of land for the factory through to the well-developed relationships with Ministries of Agriculture and Health.
- In relation to Objective 3: In Rwanda the programme is still in the early stages of development but Rwandan farmers have received training in cooperative leadership, governance, financial management, pricing & marketing and agricultural training focusing on improving production & post-harvest systems. These interventions are likely to be sustained even if the project ceased as farmers have learnt and are putting into practice the new skills they have attained. This is especially in relation to the agricultural training, as the improved quality and quantity of their yields can partly be attributed to better farming

practices e.g. monoculture. There was a visible difference in the maize of CHAI farmers practicing monoculture and non-CHAI farmers who were intercropping.

### Transition / exit planning

No

If yes, how is progress being made towards preparations for transition or exit?

### Cross-cutting issues

- Gender, Human Rights and Environment are the cross cutting issues being mainstreamed into this project. The original proposal for this activity was found to be weak on gender and efforts were made to strengthen the design, especially in relation to the agricultural strengthening work. The inclusion of DFID as a major donor in the activity has brought additional focus on cross-cutting issues, especially gender. The harmonised results matrix includes gender targets and will be monitored closely. In addition, the provision of Agricultural TA to the activity will provide an opportunity to ensure that cross cutting issues are mainstreamed through farmer training modules and that provision of access to agricultural technologies is equitable.
- In Rwanda gender issues are being considered and incorporated into project planning, implementation and reporting. Of the 12,233 farmers who are accessing improved agricultural technologies, 7,148 are men and 5,085 are women. Women are actively engaged to participate in cooperatives and be represented in cooperative leadership, it is noted however that of the 135 cooperative leaders trained only 41 were women (30%). In addition, only two of the thirteen RDO extension staff was female.
- Human Rights issues have been mainstreamed into the programme as noted in the PAA, specifically efforts to diminish child mortality and to combat disease and malnutrition. As we are still in the early stages of the intervention and the nutritious food has not been developed yet the programme has not been able to track this directly. Environmental issues are being considered in the implementation of the project. An environmental impact assessment has been concluded on the factory site in Rwanda which complies with the Rwandan government's standards. CHAI will need to confirm that the intensification of farming will be sustainable.

### Risk

Have changes been made to Activity Risk Register during Assessment period?

Yes

Hyperlink to GDM file location for current Activity Risk Register:

*Risk Profile CHAI.xlsx*

## 2. Activity Management

### Partner management and reporting

#### Activity and budget reporting

Does partner reporting currently meet requirements?

Yes

The following actions are planned or underway to address current issues:

- CHAI logical framework agreed by all donors is being finalised

#### Audit status

Partner audits are: Up to date and unqualified

The following actions are planned or underway to address any issues raised:

- Audit reports are due five months following the end of CHAI's financial year. This year's Audit report was submitted one month late.

## MFAT management

### Activity governance and contract management

- MFAT have developed strong working relationships with CHAI. At the senior level, the MFA, IDG Deputy Secretary and Director of Global Development have met or had calls with Ira Magaziner (CHAI Vice Chairman and Chief Executive Officer ) which have illustrate mutual support of this activity. At the working level, strong and open relationships have been established, especially in relation to defining direction and monitoring of objective 3.
- There has however been a gap in communications from CHAI around the establishment of the international holdings company despite MFAT requesting regular updates and transparency. While this is a complex deal to structure,

s9(2)(b)(ii)

- Finalisation of HoldCo remains a high risk for CHAI in both Rwanda & Ethiopia. While MFAT is assured that CHAI are actively driving this and monitoring it closely, MFAT has requested that more can be done by CHAI to keep donors informed of challenges which have delayed establishment of HoldCo for more than a year now. Furthermore CHAI's overambitious, unrealistic and shifting timelines risk negatively impacting stakeholder impressions including for donors.
- ELMA Foundation will withhold their next funding tranche until the HoldCo is established. MFAT is unlikely to follow suit as expenditure on the MFAT-funded agriculture component is progressing, albeit slowly. Limiting our investment to the Agricultural Strengthening work has proven useful as the work under this outcome in Rwanda has moved forward despite the factory construction delays.
- MFAT's decision to contract CHAI with a separate budget for each country has proven wise. The agricultural strengthening work directly with farmers in Ethiopia has been delayed and resulted in a significant underspend. By separating out the budget we are able to manage the different spending situations more easily.
- MFAT identified opportunities to support the effectiveness of the agricultural strengthening component of the activity through the provision of Agricultural technical assistance drawing on NZ expertise. A mapping of current agricultural extension activities and farmer training materials highlighted the need to ensure that extension offices are well equipped to support farmers. To achieve this, a structured training programme for extension offices will be undertaken by consultants supplied by MFAT to better leverage the initial investment,
- Challenges were encountered with the design of the Agricultural Technical Assistance due to the quality of the consultants provided and the limited management support the supplier gave them. Immediate feedback was provided by the activity manager to the supplier while in Rwanda. This was followed up with a meeting in Wellington between the Deputy Director and Supplier management.

### Activity coordination

- In January 2015, DFID have come on board as major donor. Reinforcing our analysis that the model developed by CHAI presents a high potential opportunity to achieve significant development results.
- Efforts are under way to harmonise donor monitoring and reporting through an inclusive steering committee governance mechanism, shared monitoring visits, a common results framework and reporting formats. MFAT has initiated joint donor visits with the ELMA foundation and unfortunately DFID was unable to join the March steering committee meeting.

- During each monitoring visit, MFAT has called on relevant departments in the Government of Rwanda to discuss the activity and strengthen relationships. This is especially important with the Ministry of Agriculture given the focus of our contribution.
- CHAI leads coordination with the wider agricultural and nutrition donor forums in Rwanda. CHAI are active in the agriculture & nutrition coordination groups & subsequently they are aligned with country priorities & their programmes are well known & supported by the Government of Rwanda.
- MFAT have taken the opportunity to use DFID's in-country staff to monitor how CHAI are coordinating with other relevant international actors and learn more about the agricultural sector, especially in relation to agricultural extension programmes.

### 3. Overall comments/ reflection

- As outlined in appraisal this activity presented a high risk and high reward opportunity. With an understanding of the risks, MFAT made an investment in the Agricultural Strengthening component of the activity before the international agreement was finalised to build the factory to produce the nutritional product by the global stakeholders. At this point, we had good indications that the investors had agreed in principal, and there were only small details that needed to be worked through. Substantial delays in reaching this agreement between the shareholders have caused the timeframes for product launch to be pushed back by over one year. CHAI's capacity to bring substantial international/private finance to the development activity is what makes the business model feasible. The complexity in brokering this investment is recognised, however communication regarding delays by CHAI has been weak. We have been able to manage our stakeholder expectations despite overambitious targets which have resulted in constant delays and have messaged to CHAI the importance of regular and transparent communication regarding the status of the international agreement. Despite delays, we remain optimistic in our investment and the opportunities presented by the business model to produce large scale lasting impacts on child malnutrition.

### 4. Information and Consultation

#### Information sources

The sources of information used in this assessment were:

#### Partner reports

- CHAI - 2014 Annual reports - March 2015

#### Monitoring visit reports

- Formal Monitoring Visit - CHAI Rwanda and Ethiopia - May 2014
- Formal Monitoring Visit CHAI TA;
- Formal Monitoring Visit CHAI Rwanda Ethiopia - March 2015

#### Consultation undertaken

In preparing this assessment, the following people have been consulted:

- s9(2)(a), Development Manager
- s9(2)(a), Development Manager

### 5. Deputy Director/Development Counsellor Comment and Approval

Deputy Director/Development Counsellor comment:

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**Approval**

Seen by Programme Manager: ✓	Approved by Deputy Director/Development Counsellor: ✓	Name: s9(2)(a)	Date: 23/07/2015
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## Appendix: Activity Results – Outcomes and Outputs

The tables below records the results achieved or progressed during this assessment period.

The draft results framework can be accessed here and will be reported against in the next AMA.

<https://www.mfat.govt.nz/en/aid-and-development/working-with-us/tools-and-guides-for-aid-activities/>

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## Activity Monitoring Assessment for Reducing Malnutrition and Increasing Agriculture Incomes

Activity Manager name:	Status:	Final
§9(2)(a) / §9(2)(a)	Date finalised:	27 June 2016

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### Summary

Activity AMS ID	A11846	
Activity name	Reducing Malnutrition and Increasing Agriculture	
Programme name	Africa Regional	
Country(s) where implemented	Rwanda, Ethiopia and two other countries still to be determined – likely to be Nigeria and Tanzania	
Investment Priority	Agriculture	
Aid modality	Third party project	
Implementing partner(s)	CLINTON HEALTH ACCESS INITIATIVE	
Activity start and end dates	Start date: 29/01/2014	Expected end date: 29/01/2019
Assessment period covered by this AMA	Assessment start date: 1/1/2015	Assessment end date: 30/4/2016
Whole-of-life MFAT budget	\$13,000,000	Total budget :\$43,027,457 (i.e. including other donors/ partners)
Total MFAT expenditure to date	\$7,726,315	Total expenditure: \$ N/A (i.e. including other donors/partners)
Cross-cutting issues markers (AMS)	Gender Equality	Significant
	Human Rights	Significant
	Environment	Significant
	Climate Change Adaptation	Not Targeted
	Climate Change Mitigation	Not Targeted

Pre-populated data checked by Activity Manager	✓
Overall Activity risk	High
Outcomes achieved during the year	<ul style="list-style-type: none"> <li>There were no 'outcome' level results achieved during the year mainly due to the longer than expected timeframe required to finalise the holding company and Joint Venture Agreements. This has set back the timeframe for factory operation on which both large scale grain purchase and initiation of distribution and</li> </ul>

	use of the resulting blended food product depends.
Outputs achieved during the year	<ul style="list-style-type: none"> <li>• A private holding company (Africa Improved Foods) successfully formed and the withdrawal of one investor successfully overcome.</li> <li>• Joint Venture Agreements negotiated in Rwanda and Ethiopia and signed in Rwanda</li> <li>• Land identified and accessed in both countries (in Rwanda supplied by the Government)</li> <li>• Construction of a privately financed AIF food processing facility under way in Rwanda due for commissioning on 3 August.</li> <li>• Technical assistance provided to 15,622 small farmers (6118 women) in Rwanda and crop financing arrangements successfully trialed.</li> <li>• First maize deliveries made under contract-growing arrangements in Rwanda from small holder farmers/cooperatives.</li> <li>• Grain quality targets achieved for initial trial quantities.</li> </ul>
Key conclusions	<ul style="list-style-type: none"> <li>• Despite delays caused by slower commercial negotiations, the project remains solidly on track though about a year behind schedule for Ethiopia.</li> <li>• For an innovative and relatively high risk activity, key foundational elements are steadily being put in place and 2016/17 will see a critical step taken in Rwanda as national food distribution will begin by December and outcomes/impact will start to be able to be monitored.</li> <li>• While there remain risks and issues, there is a shared view of these across the partners and CHAI are actively pursuing solutions.</li> <li>• Scoping of additional countries (Nigeria, Malawi and Zambia) will occur in 2016/17 and early experiences in Rwanda and Ethiopia should be able to inform directions.</li> </ul>
Actions	<p>The following key actions are planned or underway as a result of issues identified in this assessment (include issues relevant to transition/ exit):</p> <ul style="list-style-type: none"> <li>• Continued dialogue with CHAI required over post-harvest strategies</li> <li>• Close monitoring of early contract grower results will be important during the first major year of operation in Rwanda (2016).</li> <li>• Gender and agriculture discussions were held with CHAI in March and need to be followed up;</li> <li>• Strong orientation and inception of the complementary TA will be important for the effectiveness of this investment – AUE to engage with DAI and CHAI in planning for inception.</li> </ul> <p>The results of actions from the previous monitoring assessment were:</p> <ul style="list-style-type: none"> <li>• Tighter monitoring will be conducted on progress towards the establishment of the International holding company through the provision of joint donor updates via teleconference every two weeks. <ul style="list-style-type: none"> <li>◦ <i>Regular (though not fortnightly) teleconferences were held and pressure kept up. CHAI continued timely analysis and facilitation but in the end, progress depends on commercial actors and governments so not fully in CHAI's control.</i></li> </ul> </li> <li>• MFAT, ELMA &amp; DFID have agreed on harmonised reports and results frameworks which still need to be confirmed, and <ul style="list-style-type: none"> <li>◦ <i>Single harmonised reports provided for all three donors and a</i></li> </ul> </li> </ul>

	<p><i>single evolving results framework in place.</i></p> <ul style="list-style-type: none"> <li>• Donors will confirm a timeframe for an annual joint visit. <ul style="list-style-type: none"> <li>◦ <i>Joint visit and steering committee meeting held in March in Rwanda and Ethiopia.</i></li> </ul> </li> </ul>
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**Results Framework**

Is there a results framework for this Activity or partner equivalent approach?	Yes - <i>Meets needs</i>
If there is no results framework (or partner equivalent) and/or the quality is inadequate, what actions will be taken to address this?	Results table is in place but further work is ongoing to strengthen specific indicators including that for benefits to smallholder farmer incomes.
Are there any Direct Results for this Assessment?	<p>Tick for yes: ✓</p> <p>If yes, ensure results are recorded in the Appendix, and that the Direct Results Indicator Spreadsheet has also been updated.</p>

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# 1. Assessment of Activity Implementation

## Effectiveness

These ratings use the Activity Quality Rating Scale:

Item	Rating
Progress delivering the Activity's outputs	4. Good
Progress against short-term outcomes	3. Adequate
Progress towards achieving medium-term outcomes	3. Adequate

- All outputs expected for the period have been delivered with the exception of a signed JVA for Ethiopia. Therefore given a good rather than excellent rating.
- The delay in delivering the two JVAs has had a knock on effect on the factory construction, harvest purchases and production/distribution on which outcomes depend. There is no fundamental problem other than the delay so progress toward both short and medium term outcomes have been assessed as adequate.

## Relevance

Has there been any change in Activity relevance during the assessment period? No

- *This activity remains highly relevant to both Rwanda and Ethiopia. Both countries continue to experience high rates of infant stunting which carries with it a very high development cost in lost health, educational achievement, lifespan and life prospects for those affected. In Rwanda despite progress in other indicators, stunting has remained at around 38% and a new approach seems needed. The combination of nutritional objectives, with sourcing of ingredients from local farmers means the project also targets high priority agricultural development objectives and the funds remain in the countries involved.*
- *The identification early in the project of the importance of appropriate finance for the crop cycle was responded to early through a partnership with IFC which is trialling finance for crop inputs and for primary coop post harvest infrastructure. Inclusion of these elements has further improved the relevance of the programme to farmer needs.*

## Efficiency

- *Expenditure during 2015 was lower than budgeted in both Rwanda (79%) and Ethiopia (56%). This reflects the longer period involved in establishing the Joint Venture Agreements in both countries which has meant not all elements of the agriculture support could be progressed (particularly in Ethiopia where the focus has been identifying potential cooperatives and undertaking preparatory training rather than direct production engagement which would be premature).*
- *In Rwanda the project underspent particularly on planned investment to reduce post-harvest losses and agricultural inputs. This is not fully explained by the slower JVA progress and is something identified by CHAI and to be focused on in 2016. The post-harvest budget balance appears to have been assigned in 2016 though does not look very high for a problem area, though it is likely that larger coop investments will need to be loan funded.*
- *In terms of Value for Money, the project has relatively high allocations to management costs (global and local) accounting for about half of all NZ project*

funds. However, this reflects the nature of the project where the main investment finance will be private, and the role of the aid funds is on complementary investments, facilitation, management and learning. It may however be important to keep monitoring the proportion of overhead to component costs since overheads tend to spend irrespective of progress.

- More broadly, if all donor funds are added up, this is a large costly project. However it is also national in scope and planned for roll out across four countries. The potential return from measurable decreases in infant stunting would be huge on health, education and productivity fronts so the potential return remains very high. The project will also delivery significant learning products from an approach that is highly innovative.

## Sustainability

- The prospects for sustainability are strong though the model has yet to be proven. This project has been designed to focus on long-term commercial sustainability through the active engagement of independent commercially oriented investors and financiers as well as of key product buyers. The model has meant that all investment funds required to build and operate the food processing facility have been sourced from the private sector and development finance institutions (or local government in-kind - land) rather than from donor funds and the factory will operate as a business, purchasing quality grain and producing and selling a quality product.
- Also supporting sustainability has been a very strong commitment by the Government of Rwanda to ending child stunting and with this to purchasing the FBF product for distribution to eligible households. The JV profit sharing model helps to offset the cost of this and the final version is more favourable to this than initially expected. Rwanda has also made available land and buildings which have been reworked to meet the factory needs. Beyond the state involvement, there is also potential to develop commercial product lines to target higher socio-economic households.

On the agricultural side, the expected consistent demand provided by the AIF factory provides a strong basis for farmers to plan and invest in their productivity. Not all production will be contracted which leaves farmers able to benefit from higher market prices should that occur. And even in the worst case scenario that the project should fail, the NZ funds will be investing in better on-farm practices to improve yield and quality of produce which should continue to benefit farmers. It is hoped that the current IFC guarantees which are facilitating access to bank finance will eventually no longer be needed as the financing model is proven and farmer cooperatives become known bank clients.

## Transition / exit planning

Yes

If yes, how is progress being made towards preparations for transition or exit?

It is too early to be making active preparations for transition as the focus currently is on getting the model operational. However the model itself is designed to be sustainable and many of the elements required for a transition to a non-aid funded state are also the things now being put in place – a commercially operating factory, sustained buyers linked in to national nutritional objectives; farmers able to produce sufficient quality product. Once this is in place, the transition work will need to focus on additional more commercial markets for the product but that will lie more with AIF

as a commercial venture than with the project. International markets are also potentially available since FBF is internationally traded.

### Cross-cutting issues

*WHuman Rights – strong - While the AMS stats for this activity do not list it as targeting Human Rights, this would seem to be an oversight. By targeting a significant reduction in the proportion of children and pregnant and lactating women in Rwanda and Ethiopia, the project is clearly tackling and targeting some of the most fundamental rights including the right to life, to adequate food, and to health. Achievements in nutrition will have a demonstrable impact also on associated rights such as the right to education and to an adequate standard of living. In Rwanda, the free distribution of FBF will target children and women in those households classified in the lowest socio-economic group and most at risk of malnutrition so it has a strong equity dimension.*

- *Gender – modest – As noted above, there is a strong element of this project which targets blended food to pregnant and lactating mothers, though this is less a direct gender strategy than one important for the health and well-being of the baby in-utero and breastfeeding. The project does have gender disaggregation as part of its m&e framework and has a specific gender indicator related to primary coops aligned to national gender policies. However the latter is largely a membership and participation measure and does not really engage on gender. Women face significant additional hurdles in accessing training and inputs in both Rwanda and Ethiopia and there is currently no strong strategy in place to address this. The NZ support TA has been asked to assist in this area and CHAI have agreed to look at increased focus on these issues.*

- *Environment – good – the two main areas of environmental impact are likely to be in the intensity of farming and input use within agriculture; and the environmental impact of the processing facility. For the former, the project is pursuing sustainable agriculture techniques and, while promoting the use of inorganic fertilisers, will be developing guidance to foster use of an optimal level of these inputs to avoid over use. The AIF factory is being built to a very high environmental standard and will produce little to no waste as non-used elements will be converted to saleable by-products.*

Risk

Have changes been made to Activity Risk Register during Assessment period?

*Yes - Note that this activity was assessed as high risk at inception due to the innovative and pilot nature of the model, its dependence on a wide array of partners including complementary private sector partners, governments, buyers, and suppliers. These issues remain and it is still early in the project life-cycle, however a number of key developments during 2015/16 are beginning to prove the model. In particular, the establishment of a holding company and a Joint Venture in Rwanda have proven the extent of private sector and financier interest as well as the commitment of the Rwandan Government. A factory has been financed and is half completed in Rwanda. Quality maize has been produced and delivered to the factory. While the main nutritional components have not yet begun, some of the more fundamental elements are now in place. If this continues, the risk should decline further.*

Hyperlink to GDM file location for current Activity Risk Register:

[Risk Profile CHAI.xlsx](#)

## 2. Activity Management

### Partner management and reporting

#### Activity and budget reporting

Does partner reporting currently meet requirements?

Yes

The following actions are planned or underway to address current issues:

*A number of suggestions have been provided to CHAI for future reporting and we will also require a specific Health and Safety section in future reports.*

#### Audit status

Partner audits are: *Up to date and unqualified*

The following actions are planned or underway to address any issues raised:

- *Nil. Audited financial reports to 31 December 2015 were received on the 13 June 2016, slightly later than the due date of 31 May. The 2015 audit report was unqualified and showed the correct income from MFAT for the period.*

### MFAT management

#### Activity governance and contract management

- *Activity management has been strong. The GLO Activity Manager has engaged closely and regularly with CHAI, providing coordinated feedback on reporting and implementation issues which has been strongly welcomed by the CHAI team (verbal and written comments noted). The Activity Manager has also negotiated performance issues arising from the associated technical assistance activity, shifting tack to select and negotiate an alternative provider. GLO has also provided strong briefing to the new AUE Development Manager and sought technical analytical support from SED PDM Agriculture.*

#### Activity coordination

- *The joint donor Steering Committee structure, common reporting frameworks and ready sharing of information across donors has meant this is a strongly harmonised activity. While different donors are funding discrete components and budget items, the activity remains an integrated whole, made stronger by NZ attention to the agricultural components and DFID focus on learning and evaluation work.*

## 3. Overall comments/ reflection

- Overall this is an excellent project for the aid programme to be engaged in. It is one of the few initiatives in our Africa programme which is directly targeting the food security element of our Africa strategy objective and Investment Priority and if successful, the returns could potentially be one of the most impactful things we will do on the continent.
- The model is also very valuable from the perspective of how it engages the private sector with clear roles assigned to the commercial interest and to the development support. OUT OF SCOPE, this activity makes a clear distinction and focusses aid funds on nutritional and smallholder agricultural benefits, while the company focusses on the commercial venture.

- There is already learning that commercial negotiations are unlikely to fit neatly into development project logframe timeframes and provision needs to be allowed for that, as well as a need to manage political risks of delay.
- The project is delivering on its outputs to the extent it can given the above delay and is steadily proving key aspects of the model. CHAI are responsive to issues and continue to take a thoughtful and problem solving approach.
- There are some significant challenges on the agricultural side, particularly the constraints of post-harvest infrastructure as well as risks of side-selling by farmers. However CHAI are aware of and seeking to manage these risks. The complementary TA to be funded by New Zealand should assist more intensive work on these issues during 2016-2018 and will also potentially widen the benefits through outputs that are useable by the broader cropping sector in both countries.
- There also remain uncertainties on the food distribution and use side which can only be tested truly when food is being produced. Strong analysis and technical planning and an excellent relationship with the Rwandan Ministry of Health bodes well that the basics will be covered. Evaluative investments by DFID will also ensure learning remains central to the activity.
- In Ethiopia CHAI have, (in my view correctly), been more cautious in developing distribution plans as they wish to have the certainty and confidence building tangibility of a signed JVA and a factory under construction before engaging widely with the Ethiopian stakeholders. However, the Ethiopian context is larger and considerably more complex than Rwanda so this is also another area of risk.
- Gender remains an area where the project is relatively weak on the agricultural side and NZ is seeking to strengthen this through potentially supporting in-country gender advice and the support of the bolt-on international TA.
- While not covered by this AMA, the TA which is treated as a separate Activity, is responding to confirmed locally identified needs based on a sound scoping. Delivery is, however, relatively high cost due to the external fly-in-fly-out model of delivery.

#### 4. Information and Consultation

##### Information sources

The sources of information used in this assessment were:

- CHAI 2015 Annual Report
- CHAI Financial Report to December 2015
- DFID Annual Review to March 2016
- AUE Formal Message of April 2016
- Information gathered during March 2016 Steering Committee meeting and monitoring visit.

##### Consultation undertaken

In preparing this assessment, the following people have been consulted:

- s9(2)(a)
- s9(2)(a)

#### 5. Deputy Director/Development Counsellor Comment and Approval

Deputy Director/Development Counsellor comment:

This AMA provides a well written update of progress against this innovative activity. It is pleasing to see the progress made in Rwanda towards construction of the factory and support to farmers including access to finance. The real impact of the activity will come after the factory swings into production in year 2 and the nutritional product is distributed. I would agree with the assessment that this initiative has potential to make a significant impact on reducing stunting with consequential health and education benefits.  
Hopefully the Ethiopia factory will progress in year 2 but I am reassured that CHAI is also scoping additional countries in case the Ethiopia stalls.

### Approval

Seen by Programme Manager: ✓	Approved by Deputy Director/Development Counsellor: ✓	Name: s9(2)(a)	Date: 18 July 2016
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## Appendix: Activity Results – Outcomes and Outputs

The tables below records the results achieved or progressed during this assessment period.

From agreed Results Measurement Table In the Activity Design Document			Data up to and including this reporting period	
Outcomes	Indicators	Targets (planned)	Results (actual)	Variance explanation (incl. information sources)
IMPACT - In up to 7 countries, the poorest children aged 6-24 months have diet which promotes healthy growth and development	Proportion of poorest children 12-15 months of age who are 3 fed breastmilk in the previous 24 hours	N/A for period		
	Percent of poorest children aged 18-23 months who are stunted	N/A for period		
	Percentage of poorest children aged 6-23 months who are wasted	N/A for period		
	Percent of poorest children breastfed exclusively until six months of age	N/A for period		
	Percent of poorest children 6-23 months of age reporting consumption of FBF in the last 24 hours (disaggregated by gender)	N/A for period		
	Average quantities of FBF reported as consumed by children aged 6-23 months in the poorest families among children consuming FBF.	N/A for period		
Output 1 – Business model which maximises benefits for the poor	Additional value of agricultural production (US\$)	N/A for period		
	Annual funds generated for	N/A for period		

From agreed Results Measurement Table in the Activity Design Document			Data up to and including this reporting period	
Outcomes	Indicators	Targets (planned)	Results (actual)	Variance explanation (incl. information sources)
	government from the profit sharing mechanism and brought forward through a loan mechanism			
<b>Outputs</b>	<b>Indicators</b>	<b>Targets (planned)</b>	<b>Results (actual)</b>	<b>Variance explanation (incl. information sources)</b>
Output 1 Companies established with financial model that enables quality, nutritious complementary food product to be accessible to the poor	1.1 Joint Venture Agreements in place with government partners including terms for profit sharing, tax terms and purchasing commitments	Legal Agreements in place in Rwanda and Ethiopia between national company and government capturing tax waivers, profit sharing and purchase agreement.	Rwanda – met – Africa Improved Foods (AIF) signed an agreement with the Government of Rwanda in the third quarter of 2015. This captures tax waivers, profit sharing and purchase agreements. Ethiopia – in progress – AIF have finalised negotiations but have yet to confirm legal language or sign the agreement.	Rwanda was a little delayed due to the withdrawal of an anchor investor which meant that an alternate had to be found. Also, the process to negotiate an acceptable commercial JVA provide more difficult than anticipated and this is an innovative structure and Rwanda had to test both formal, content and legal language.  Ethiopia was delayed as AIF focused first on Rwanda. The speed of the process is dependent here on the private sector partners and GoE not CHAI who have been providing strong facilitation support.
	1.2 Government purchase volumes (MT)	N/A for period		
Output 2 - Farming cooperatives/unions equipped to engage effectively with the production of a high quality nutritious complementary food.	2.1 Percentage of partner cooperatives provided with support to procure high quality post-harvest infrastructure	N/A for period		
	2.2 Percentage of total maize and soybean volumes required for production procured locally	N/A for period		
	2.3 Percentage of maize and soybean volumes produced for JV by partner cooperatives meeting quality standards	70% Rwanda N/A Ethiopia for period	Met - 92% of delivered maize met quality standards	

From agreed Results Measurement Table in the Activity Design Document			Data up to and including this reporting period	
Outcomes	Indicators	Targets (planned)	Results (actual)	Variance explanation (incl. Information sources)
	2.4 Percent of partner coops aligned with national gender policies	80% Rwanda N/A Ethiopia for period	Met - 89% - however this is a fairly bland target which largely refers to the proportion of coop members who are women.	
	2.5 Total smallholder farmers reached with improved agricultural technologies	12,000 Rwandan farmers N/A Ethiopia for period	Met - 15,622 farmers were reached in Rwanda (including 6,118 women)	
Output 3 Supply Chain for getting complementary food product from factory to homes is efficient and effective	3.1 Percentage of designated distribution points distributing FBF (nationally in Rwanda; within target areas in Ethiopia)	N/A for period - factory has not begun operation.		
	3.2 Percentage of distribution sites with stock-outs in the last 3 months	N/A for period		
	3.3 Volume of product loss in the supply chain	N/A for period		
	3.4 Percentage of product diverted	N/A for period		
Output 4 - Demand, uptake and consumption of complementary food product by the poor is optimal	4.1 Percentage of caretakers reporting accurate understandings of serving size, number of portion per day, storage preparation etc.	N/A for period		
	4.2 Percent of health workers providing good information to families on how to use the product	N/A for period		
	4.3 Percent of eligible households accessing FBF in the last month	N/A for period		
	4.4 Percent of households reporting receiving product at the correct prices	N/A for period		

From agreed Results Measurement Table in the Activity Design Document		Data up to and including this reporting period	
Outcomes	Indicators	Targets (planned)	Variance explanation (incl. information sources)
Evidence is generated on the effectiveness of the complementary food product to inform replication of the approach in other contexts	5.1 Number of monitoring reports produced tracking risk matrix and documenting any course correction	2	Met – 2 reports submitted with Q3 report and Annual Report
	5.2 Number of rigorous impact, cost effectiveness and process evaluations completed and the percentage of recommendations implemented	Independent evaluation design options developed	Met – CHAI produced an overarching monitoring and evaluation framework with detailed process and impact evaluation plans for Rwanda. In 2015 CHAI initiated a detailed cohort study in Rwanda to compare anthropometric outcomes among children before and after the launch and in areas of higher and lower uptake. For Ethiopia CHAI have produced a short list of potential impact evaluation designs using an independent impact evaluation expert.
	5.3 Number of studies published in peer review open access journals	N/A for period	