



UNITED NATIONS DEVELOPMENT PROGRAMME
Regional Bureau for Africa
Project Document

Project Title: Private Sector and Inclusive Market Development for Poverty Reduction in Africa: African Facility for Inclusive Markets (AFIM)

UNDP Regional Programme Outcomes:

1. Conducive policy and regulatory environment for private sector growth and participation.
2. Diversified private sector including Small and Medium Entrepreneurs

Expected Outputs:

1. Increased capacity of regional organizations, governments, and other stakeholders to support inclusive market development in the region;
2. Inclusive market development initiatives at sub-regional and country levels developed and supported
3. Alliance of partners for African inclusive market development established
4. Improved access to finance for small producers and enterprises facilitated

Implementing Partner:

UNDP Regional Service Center (RSC) in Johannesburg.

Responsible Parties:

UNDP Private Sector Division, UNDP Country Offices, African Union, Regional Economic Communities (RECs), and the New Partnership for Africa's Development (NEPAD) Business Group

Summary

Africa has maintained higher levels of economic growth than Europe, US, Japan and Brazil before and even after the recent global economic crises. While poverty rates remain high and the Continent is still confronted by significant challenges, it is forecasted that Africa has ample opportunity to meet most of the Millennium Development Goals (MDGs). In line with the efforts being made by the Continent, this project is in full alignment with UNDP's MDG Breakthrough Strategy as its primary aim is to support poverty reduction and the MDGs by contributing to capacity development for evidence-based policy dialogue and advocacy and institutional strengthening for the expansion of a vibrant indigenous private sector in Africa through initiatives that involve public and private stakeholders at regional and national levels.

The project will be a main vehicle to support the implementation of UNDP's Private Sector Strategy on "Promoting Inclusive Markets" in Africa. The Strategy sets out UNDP's role in improving opportunities for the poor to participate in markets as producers, employees or consumers, allowing them to better seize local, national, regional and international market opportunities in ways that contribute to employment creation and inclusive growth. This project is demand based and aims to complement and support implementation of existing and emerging UNDP private sector country projects as well as support the development and implementation of new sub-regional and country initiatives, creating a bigger critical mass of experience and expertise on Inclusive Market Development (IMD). Although all sectors/sub-sectors where the poor are economically active will be considered, based on regional/national priorities, of particular importance will be the enhancement of capacities of smallholder farmers to increase their productivity, whether of traditional or new high value crops, and gain better access to local, national or international markets. Linking small holder production to value adding enterprises and ultimately to new end markets through value chains requires a set of intricate partnerships that UNDP is well positioned to facilitate.

This project focuses on: (i) increasing the capacity of regional organizations, governments, and other stakeholders to

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support IMD, including documenting successful policy and institutional inclusive business models to serve as a basis for international, regional and national advocacy and evidence based policy dialogue, (ii) support to cross-border IMD activities in at least three RECs and national value chain or other inclusive market operations in at least 25 countries, (including select *conflict affected areas or countries*) supporting thousands of beneficiaries, (iii) establishment of the **African Facility for Inclusive Markets (AFIM)** as a broad-based platform bringing together a network of partners (the private sector, regional organizations, development agencies and UN agencies) to increase awareness and coordinated action in support of IMD, and (iv) support to the development of, and enhanced access to, improved business development services, finance and business linkages by small producers (including in particular women and youth) and micro, small and medium enterprises.

The establishment of AFIM and its potential transition from a platform to a host organization with the possibility of expansion to more ambitious IMD activities are seen as critical to an exit strategy at the end of the project.

Programme Period: 2010 to 2013

Project Title: Private Sector and Inclusive Market Development in Africa: African Facility for Inclusive Markets (AFIM).

Project ID:

Atlas Award ID:

PAC Meeting Date: 17 June 2010

Start Date: September 2010

End Date: September 2013

Programme Budget

Total Resources Required: \$4,815,000

Allocated Resources:

- UNDP RBA: \$3,000,000
- UNDP PB: \$780,000*
- Donors (Japan): \$480,000**

Unfunded:

- Donors: \$555,000

*In-kind allocated resources of Partnership Bureau/Private Sector Division staff dedicated to the project.

** Resources agreed in principle through the Tokyo International Conference on African Development Programme

On behalf of: Name & Title

Signature

Date

(UNDP):

Tegegnetwork Gettu
 Tegegnetwork Gettu
 Assistant Administrator and
 Director for Africa
 Regional Bureau for Africa

10/09/10



To: Ms. Rebeca Grynspan
 Associate Administrator

Through: Judith Karl, Director
 Operations Support Group

From: Terese Goodman, Programme Specialist
 Operations Support Group

Subject: Request for Approval of Direct Implementation

Bureau: Regional Bureau for Africa

Project: Private Sector and Inclusive Market Development for Poverty Reduction in Africa: African Facility for Inclusive Markets (AFIM)

7 September 2010
 Cleared: Abdul Hannan
 Policy Adviser, OSG

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| BASIC INFORMATION | |
| <i>Dates of authorization</i> | 1 October 2010 through 31 October 2013 |
| <i>Budget</i> | \$4,815,000 (RBA to contribute \$3 million from its regional TRAC; Partnerships Bureau to contribute \$780,000; Japan to contribute \$480,000) Unfunded: \$555,000 |
| <i>Regional Programme Outcomes</i> | <ol style="list-style-type: none"> 1. Conducive policy and regulatory environment for private sector growth and participation 2. Diversified private sector including Small and Medium Enterprises |
| BACKGROUND AND PAC REVIEW PROCESS | |
| <i>Background</i> | This project was first PAC approved in January 2009. However, a review by RBA senior management, in consultation with the relevant Resident Representatives, requested a new approach, given the then emerging financial crisis and stronger role of Southern countries, such as China, in private sector development in Africa. The new project was approved by the PAC on 17 June 2010. |
| <i>PAC process</i> | Comments were received either at the PAC meeting or through email from the following units: Partnerships Bureau, BDP, RBAS, RBAP, TICAD, UNCDF, UNV and from the country offices of Kenya, Angola, Benin, Burundi, Comoros, Congo (Brazzaville), Democratic Republic of Congo, Lesotho, Malawi, Nigeria, Tanzania, Senegal, Johannesburg Regional Service Centre and Bangkok Regional Service Centre. |
| JUSTIFICATIONS | |
| <i>Justification for DIM</i> | There are no regional institutions with the capacity to implement this project; UNDP will provide assistance to developing the capacities of regional institutions. RBA has taken steps to strengthen the operational and financial management and |



1 September 2010

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| | <p>reporting capabilities in the Regional Service Centres to ensure timely, recruitment, planning and reporting on project activities. The Advisory Board for the Regional Programme is operational and will be assisted in its overall policy oversight role by the RBA Deputy Regional Director, under the overall direction and supervision of the Regional Bureau Director.</p> |
| <p>DECISION</p> | |
| <p><i>Approval recommended</i></p> | <p>OSG recommends the approval of the Direct Implementation modality for this project from 1 October 2010 through 31 October 2013.</p> |

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| <p>1 October 2010 through 31 October 2013</p> | | |
| <p>1. Conductive policy and regulatory environment for private sector growth and participation 2. Diversified private sector including Small and Medium Enterprises</p> | | |
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| <p>Comments were received either at the PAC meeting or through email from the following entities: Partnership Forum, BOP, BBAS, RBA, TICAD, UNCTAD, UNV and from the country office of Kenya, Angola, Benin, Cameroon, Congo (Brazzaville), Democratic Republic of Congo, Lesotho, Malawi, Nigeria, Tanzania, Senegal, Johannesburg Regional Service Centre and Bangkok Regional Service Centre.</p> | | |
| <p>There are no regional institutions with the capacity to implement this project. UNDP will provide assistance in developing the capacity of regional institutions. RBA has taken steps to strengthen the operational and financial management and</p> | | |



To: Rebeca Grynspan Associate Administrator Date: 01 September 2010

Through: Judith Karl Director Operations Support Group Extension: 5900

From: Tegegnework Gettu Assistant Administrator and Director

Subject: Request for the approval of the use of the Direct Execution (DEX) Modality for two Regional Project Documents Entitled: "Enhanced Regional Capacities in Africa for Preventing and Recovering From Crises Caused by Natural Disasters and Conflicts" and "Private Sector and Inclusive Market Development for Poverty Reduction in Africa: African Facility for Inclusive Markets (AFIM)"

I hereby seek your approval for the Regional Bureau for Africa to use the DEX modality to implement two regional project documents, which, respectively address:

- Enhanced Regional Capacities in Africa for Preventing and Recovering From Crises Caused by Natural Disasters and Conflicts; and
- Private Sector and Inclusive Market Development for Poverty Reduction in Africa: African Facility for Inclusive Markets (AFIM).

The two above mentioned projects are in full alignment with the Strategic Plan and the outcomes of the Regional Programme for Africa, with the first seeking to support Africa's conflict prevention, peace building and recovery efforts and the second aimed at strengthening African capacity to reduce poverty and achieve the MDGs. Both are, to varying degrees, consistent with the MDGs Breakthrough Strategy and pay special attention to the needs and contributions of vulnerable groups, principally women and youths.

The draft documents were initially prepared by consultants and further fine-tuned by UNDP staff with the requisite technical and programme management skills to ensure consistency with UNDP's policy guidelines and requirements.

Outlined below is the process followed for the approval of each project document, together with summaries of the respective outcomes and outputs, the UNDP resources allocated, the location and the timeframe for implementation:

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OSG # 937 & OSG # 938
3 SEPT 2010

Tegegnework Gettu

Implementation (DIM)



1. Enhanced Regional Capacities in Africa for Preventing and Recovering From Crises Caused by Natural Disasters and Conflicts.

This regional project document is a combination of two hitherto discrete documents approved by Project Approval Committees (PAC) on 18th December 2008 and 9th October 2009, respectively. The first document covered capacity development for African Regional Economic Communities (RECs) in disaster risk reduction (DRR), including climate change, while the second document was directed at capacity strengthening for the same set of beneficiaries in the area of conflict prevention and management (CPM). The merger into one crisis prevention and recovery (CPR) project was mandated by the Regional Programme Advisory Board, during its meeting of 22-23 March 2010, in efforts to reduce fragmentation and to improve the impact of regional interventions. The Board made the determination based on the fact that the two projects had common general objectives, and similar outputs and activities as well as the same set of beneficiaries. Further, both intended to use the DEX modality for project implementation. Based on these considerations, especially as the outputs and activities remained the same, UNDP policies and procedures do not require a new PAC.

The initial formulation of the individual project documents as well as their merger was a collaborative exercise between RBA and BCPR and this high level of cooperation is expected to continue during project implementation. While the outputs and activities of the original projects remain largely unchanged, it should be noted that the combined project management arrangements has released more resources for actual capacity development.

As mentioned earlier, the main beneficiaries of the integrated project will be the following RECs: the Southern African Development Community (SADC), the Economic Community of West African States (ECOWAS), the Inter-Governmental Authority on Development (IGAD), the Economic Community of Central African States (ECCAS), and the East African Community (EAC). In addition, the project is intended to build the capacities of the private sector and civil society organizations (CSOs) in Africa to work more closely with RECs in conflict prevention, peace building and recovery matters. This project also anticipates strong synergies with ongoing related support by UNDP for the African Union and is intended to achieve the following programme outcomes:

- a. Effective regional mechanisms for disaster preparedness and response,
- b. More effective regional institutions for crisis prevention, and
- c. Greater responsiveness and sustainable recovery from crisis.

Project activities are expected to start in the last quarter of 2010 and to end in 2013, while the budget is estimated at \$7.26 million, with UNDP contributing \$6 million from its regional TRAC. In line with the corporate regionalization strategy, this project will be managed by the Regional Service Centre (RSC) in Dakar, Senegal, under the direct leadership of the Deputy Regional Director.

2. Private Sector and Inclusive Market Development for Poverty Reduction in Africa: African Facility for Inclusive Markets (AFIM).

The second project document being submitted for DEX approval was first approved by PAC in January 2009. However, a review by my new senior management team revealed a disconnect between the project's outcomes and activities as well as the omission of a number of then emerging



developments, among them, the financial crisis and the stronger role of Southern countries, such as China, in private sector development in Africa. It was on this basis that the Regional Programme Advisory Board again approved a new approach and focus for RBA's intervention in this vital area.

Similar to the CPR project, this new private sector initiative has been formulated in strong partnership with the responsible UNDP corporate bureau - Partnership Bureau/Private Sector Division (PB/PSD) – as well as with country offices (COs). In addition to the issues considered by the Advisory Board, this new initiative is intended to build the capacities of selected RECs, programme countries and the private sector to contribute to UNDP's MDGs Breakthrough Strategy through the expansion of a vibrant indigenous private sector in Africa, using as the underlying framework, the UNDP's Private Sector Strategy on "Promoting Inclusive Markets". As you are aware, that Strategy sets out UNDP's role in improving opportunities for the poor (micro, small and medium enterprises) to participate in markets as producers, employees or consumers, allowing them to better seize local, national, regional and international market opportunities in ways that contribute to employment creation and inclusive growth.

The new project, approved by PAC on 17th June 2010, will commence in the latter half of the year and is designed to end in 2013. It is intended to contribute to poverty reduction and the achievement of the MDGs and, more specifically, private sector development, through the following outputs:

- a. Increased capacity of regional organizations, governments, and other stakeholders to support inclusive market development in the region;
- b. Inclusive market development initiatives at sub-regional and country levels developed and supported;
- c. Alliance of partners for African inclusive market development established; and
- d. Improved access to finance for small producers and enterprises facilitated.

The budget for this project is estimated at \$4.815 million, of which \$3 million will be contributed from UNDP RBA regional programme resources, while \$780,000 in in-kind-contribution has been allocated by UNDP Partnership Bureau. The Japanese Government, by way of its RBA-Tokyo Conference on African Development (TICAD) framework, is expected to contribute a minimum of \$480,000. The project will be directly implemented by the RSC in Johannesburg, South Africa under the leadership of the Deputy Regional Director.

Justification for Direct ~~Execution~~ *Implementation*

The ~~Direct~~ *Direct* modality is being requested for the two projects because RBA strongly believes that:

- i. *Direct* This implementation arrangement is in line with UNDP's mandate to provide assistance to developing the capacities of national and regional institutions;
- ii. *Direct* ~~Direct~~ is consistent with the increasing need for enhanced accountability and quality assurance. In line with this, RBA has taken steps to strengthen the operational and financial management and reporting capabilities in the two RSCs to ensure timely recruitment, planning, and reporting on project activities;



- iii. UNDP has the expertise (through its policy advisory staff in headquarters - BCPR and FB/PSD - and RSCs and COs - the RBA Economists), knowledge, systems and approaches to implement these central capacity development initiatives;
- iv. In the particular case of the private sector project, PB/PSD will second staff to the Johannesburg RSC to lead the endeavour, while in the case of the CPR project any gap in expertise and experience will be filled from the market through open and competitive processes;
- v. The RBA Evaluation Advisors are in place and will facilitate regular monitoring and timely evaluation of project activities; and
- vi. The Advisory Board for the Regional Programme is operational and will be assisted in its overall policy oversight role by the RBA Deputy Regional Director, under my overall direction. This is together with my intention to establish Project Boards/Steering Committees for the two project.

To assist with your decision-making, please find herewith attached, the minutes of the relevant PAC meetings as well as the final project documents.

In view of the foregoing, your positive consideration of this request will be highly appreciated.

1 October 2010 - Through 31 October 2013

Approved by: Rebeca Grynspan Date: 16 September, 2010
Rebeca Grynspan
Associate Administrator
UNDP

Cleared by OS6: Uweal Swindman, 7 September 2010

Minutes of Project Appraisal Committee (PAC) Meeting

Regional Project Document on Private Sector and Inclusive Market Development for Poverty Reduction in Africa: African Facility for Inclusive Markets (AFIM)

17 June 2010

Present:

| | | |
|---------------------|---------------|-------------|
| Babacar Cissé | RBA | Chairperson |
| Vinetta Robinson | RBA | |
| Henry Jackelen | PSD | |
| Casper Sonesson | PSD | |
| Tomas Sales | PSD | |
| Juergen Nagler | PSD | |
| Xiangjun G. Wang | BPD | |
| Stephen Gitonga | BDP/EEG | |
| Amin Sharkawi | RBAS | |
| Akiko Suzaki | RBAP | |
| Kaori Ishii | TICAD/RBA | |
| Yvonne Helle | RBA | |
| Mary Symmonds | RBA | |
| Jennet Kem | RBA | |
| Eric Dietz | UNCDF | |
| Hanadi Toutonji | UNCDF | |
| Stefan Engels | (UNDP- Kenya) | |
| Daphne Casey | UNV | |
| Ayodele Odusola | RBA | |
| S. Nanthikesan | RBA | |
| L. Valeiras-Taboada | RBA | |
| Chantal Hyppolite | RBA | |

Email comments from UNDP Country and Regional Offices: Angola, Benin, Burundi, Comoros, Congo (Brazzaville), Democratic Republic of Congo, Kenya, Lesotho, Malawi, Nigeria, Tanzania, Senegal, the Johannesburg Regional Service Centre and RBAP Regional Center, Bangkok.

Introduction:

The Chairperson welcomed the participants and gave a brief overview of the document. He informed the meeting that a PAC meeting had already been convened in January 2009 for an earlier version of the project document. Based on consultations with a number of Resident Representatives (RRs) and discussions at the Regional Programme Advisory Board (RPAB) meeting in May 2010, it was decided to revise the document. He further informed the meeting

Within the framework of the second output, PSD explained that support to access to finance would move beyond micro-finance. With regard to output 4, engagements would be explored with the multi-lateral finance institutions as well as UN agencies.

Regarding the Management Structure of the project, limitations in the approach was noted and so consideration would be given to country representation, including private sector representatives, to facilitate buy-in and more efficient implementation at national levels.

In response to the request of the Chairperson, the RBA Regional Initiatives Advisor provided further background to the project, acknowledging the earlier inputs of the TICAD staff, among others. The Advisor then proceeded to summarize key issues raised by regional offices and COs that provided email comments, noting that most of the latter expressed an interest in becoming project beneficiaries. The main comments from the field were as follows:

1. The initiative was timely and relevant, and builds on ongoing related ones at the CO level. Specific examples were provided to be included in the document;
2. While commending the value chain approach, encouraged more attention to the demand side issues, the need to expand into new markets and to take precautionary steps to limit the adverse power relations between large firms and smaller enterprises within a value chain;
3. A need to establish criteria to select countries that should be involved in the project;
4. Clearer definition of focus/emphasis/priority for ongoing initiatives to avoid duplication;
5. Commended proposed collaboration with UN agencies, such as WB, IFAD, AfDB, FAO and UNCDF, but reminded UNDP to be mindful of conflict of interest and mission creep;
6. Encouraged synergies with other regional and global initiatives, such as the Agri-enterprise (Songhai), the Youth Employment and the Trade projects, and the IF and the MDGs break-through strategy;
7. Recommended more emphasis to sub-regional/cross-border activities and closer collaboration with the Regional Economic Communities instead of the planned focus on UN Country Teams (UNCTs) and COs;
8. Take account of the impact of the financial crisis as well as lessons learned from other regions (Asia and Latin America were cited);
9. Reformulation of RRF to clarify project activities and make them consistent with those outlined in the project strategy, and with clearly defined and measurable targets and indicators;
10. Explain in greater detail how the IMD approach (the AFIM in particular) will be applied and sustained, including the role of different stakeholders, among them governments;
11. Further clarification on where project interventions will be targeted, i.e. at the policy or institutional level and specify how capacity would be built, especially for entrepreneurs/enterprises within a value-chain; and
12. Clearer definition of the allocation of resources between actual project activities and staff costs, together with a clearly defined exit strategy.

coordinated team to support the development processes. In this connection, links to and communication through RDT were encouraged.

The Chair summarized the main recommendations of PAC and highlighted the fact that there was still room for further improvement to the document, especially in connection with: (i) strengthening of the outputs to make them more clearly linked to capacity development to better assure the achievement of the first programme outcome, (ii) the need to reinforce the regional versus the national focus of the outputs and activities, and (iii) greater attention to building the capacities of the private sector instead of UNCTs and COs. PAC then approved the document, pending the suggested amendments of the meeting, including those comments received from regional offices and COs.

The Chairperson closed the meeting by thanking PAC members for their constructive and active participation as well as the substantive inputs they provided.

Drafted by:

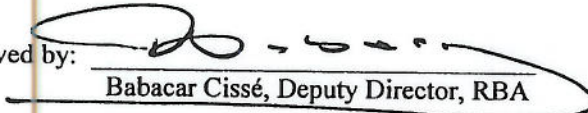
Cleared by:



Vinetta Robinson, Regional Initiatives
Adviser, RBA

Date: 23rd August 2010

Approved by:



Babacar Cissé, Deputy Director, RBA

Date: 24 August 2010

coordinated team to support the development process. In this connection, links to and communication through RDT were encouraged.

The Chair summarized the main recommendations of PAC and highlighted the fact that there was still room for further improvement to the document, especially in connection with: (i) strengthening of the output to make them more clearly linked to capacity development to better assure the achievement of the first programme outcome, (ii) the need to reinforce the regional versus the national focus of the outputs and activities, and (iii) greater attention to building the capacities of the private sector instead of UNCT's and CGA. PAC then approved the document pending the suggested amendments of the meeting, including those comments received from regional offices and CGA.

The Chairperson closed the meeting by thanking PAC members for their constructive and active participation as well as the substantive inputs they provided.


Edited by:


Vinita Robinson, Regional Initiatives
Advisor, RIIA

Closed by:

Date: 28th August 2010

Approved by:


Babacar Cissé, Deputy Director, RIIA

Date: 29th August 2010