



**Sub Saharan Africa
Challenge Programme**

*Securing the future for Africa's
Children*

**SUB-SAHARAN AFRICA
CHALLENGE PROGRAMME**

ANNUAL REPORT FOR 2006

August 2007

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ACRONYMS

AEZ	Agro ecological Zone
ARIs	Advanced Research Institutes
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
CAS-IP	Central Advisory Services on Intellectual Property
CGIAR	Consultative Group on International Agricultural Research
CGS	Competitive Grants System
CIAT	International Center for Tropical Agriculture
CIMMYT	International Maize and Wheat Improvement Centre
CN	Concept Note
CORAF	Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricole
CP	Challenge Programme
CPWF	Challenge Programme for Water and Food
CRST	Cross-site Research Support Team
DANIDA	Danish International Development Agency
DFID	Department for International Development (United Kingdom)
EC	European Commission
ECART	European Consortium for Agricultural Research in the Tropics
EPMR	External Programme Management Review
FARA	Forum for Agricultural Research in Africa
IAR4D	Integrated Agricultural Research for Development
IARC	International Agricultural Research Centre
IFDC	International Fertilizer Development Center
IITA	International Institute for Tropical Agriculture
ILRI	International Livestock Research Institute
INRAN	Institut National de la Recherche Agronomique du Niger
IPGRI	International Plant Genetic Resources Institute
ISAR	Institut des Sciences Agronomiques du Rwanda
JEE	Joint (among donors of FARA's secretariat) External Evaluation
KKM	Kano-Katsina-Maradi
LI	Lead Institution
MC	Management Committee
MTP	Medium Term Plan
NARS	National Agricultural Research System
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental Organization
PCU	Programme Coordination Unit
PLS	Pilot Learning Site
PSC	Programme Steering Committee
SADC-FANR	Southern African Development Community-Food, Agriculture and Natural Resources
SC	Science Council (of the CGIAR)
SRO	Sub-Regional Agricultural Research Organization
SSA	Sub-Saharan Africa
SSA CP	Sub-Saharan Africa Challenge Programme
TSBF-CIAT	Tropical Soil Biology and Fertility Institute of CIAT
WECARD	West and Central African Council for Agricultural Research and Development
ZMM	Zimbabwe-Mozambique-Malawi (corridor)

1. EXECUTIVE SUMMARY

Introduction

The Sub-Saharan Africa Challenge Programme (SSA CP) responds to the need for a dramatic increase in the impact of agricultural research on livelihoods – especially of the rural poor – in Sub-Saharan Africa (SSA), as well as to increase food security and sustainable natural resource management. The extensive consultations that led to the formulation of the SSA CP (from 2002 to 2004) concluded that the principal shortcoming to date of African agricultural research and development efforts has been the failure of research efforts to catalyse developmental impact at significant scales. These consultations hypothesized that for research to play a more effective role in catalyzing development, it should be appropriately located within a broader system of agricultural innovation that facilitates interaction and enhances flows of knowledge among actors in the system. This systemic and innovation-focused approach to agricultural research has been referred to as “Integrated Agricultural Research for Development” (IAR4D). This approach entails a transformation of the institutional architecture for conducting agricultural research and development.

The SSA CP is structured to operate at three interlinked levels: programme-wide (regional); at three pilot learning sites (PLS) (sub-regional); and through nine projects (three per PLS). The SSA CP’s three PLS are: (i) Kano-Katsina-Maradi (KKM), which straddles southern Niger and northern Nigeria (West Africa); (ii) “Lake Kivu,” located on the borders between the Democratic Republic of Congo, Rwanda and Uganda (East Africa); and (iii) Zimbabwe-Malawi-Mozambique (ZMM), a transect through these three countries (Southern Africa).

SSA CP continues to evolve at a fast pace. This annual report for 2006 is its second progress report.

Research Questions and Objectives

The CGIAR Science Council (SC) evaluation of the SSA CP’s inception phase in June-July 2006 recommended continuation of the Programme for a three-year research phase starting in 2007, during which the Programme should focus on answering the following research questions.

- Does the IAR4D concept work and can it generate deliverable international and regional public goods for the end users?
- Does the IAR4D framework deliver more benefits to end users than conventional approaches (if conventional research, development and extension approaches had access to the same resources)?
- How sustainable and usable is the IAR4D approach outside the test environment (i.e. issues of scaling out for broader impact)?

The Programme seeks to answer the above questions, using as its research contexts development issues at the interfaces of the following four components: (i) technologies for improving productivity; (ii) sound natural resource management (NRM); (iii) accessibility and efficiency of markets for smallholder products; and (iv) formulation and adoption of policies and institutional arrangements that foster innovation to improve livelihoods of smallholder farmers and pastoralists.

Recommendations from the SC’s evaluation of the Challenge Programme implied a revision of its initial objectives. The Programme now aims to:

- establish principles, options and examples of how processes for systemic innovation can be organized among researchers, practitioners, policy actors, market chain actors, and rural communities, so that new technologies, techniques and policies are more useful, affordable and accessible to end users, leading to desirable impacts on their livelihoods;
- develop strategies for improving the innovative capacity of actors in the agricultural innovation system;
- establish the causal connections between stakeholder interaction, learning, innovation (technical and institutional) and development outcomes.

- evaluate the efficiency and effectiveness of IAR4D over other research and development approaches.

Achievements in 2006

The first half of 2006 was also the final third of the Programme's inception phase, which aimed to lay the foundation for definition and implementation of the Programme's research. During this period, the Programme's initial research strategy and plan were developed and the teams to implement the plan were selected through a competitive process. This process, which involved an evaluation of 90 concept notes, identified nine research projects (3 per PLS) and their corresponding implementing teams. These independently formulated projects, however, needed to be transformed into coherent PLS programmes. Accordingly, most of the second quarter of 2006 was devoted to making the necessary adjustments to these programmes as well as enhancing competencies of the selected research teams in operationalisation of IAR4D. The Programme's research strategy and plan were articulated in its 2007-2009 Medium Term Plan (MTP, June 2006). A review of the Programme's inception phase commissioned by the SC and carried out in June and July 2006 was a watershed in the Programme's evolution. It recommended an extension of the Programme for a three-year research phase but with activities confined to the current three PLS. That is, it proscribed the planned expansion to six additional PLS. Further, it recommended that the Programme should focus its research to answering the questions outlined above, and to modify and strengthen its research plan accordingly.

The period of August to December 2006 was devoted to internalising the recommendations of the SC's evaluation, aligning the Programme's research portfolio to the recommendations, strengthening the capacities of the Programme's research teams in aspects highlighted by the review, most notably in innovation system principles and in participatory monitoring, evaluation and impact assessment. These activities were carried out as the Programme stepped through processes for its approval to the research phase. These included obtaining the CGIAR's executive council's endorsement in October 2006 and a final approval by CGIAR members in December 2006.

Governance and management

The Programme's governance operates at its first two levels (programme-wide and at the PLS level) while its management structures operate at all three levels (the above two, plus the project level). The management philosophy of the SSA CP draws on the principle of subsidiarity, whereby each level of management is responsible only for tasks that cannot be performed more effectively at lower levels. In 2006 these structures functioned effectively. Nevertheless, the Programme is exploring opportunities for further refinement of their operations as part of a continuous effort aimed at cutting down the Programme's transaction costs.

Finances

In 2006 the SSA CP had sufficient funds to meet its financial commitments. It carried forward US\$ 1.79 million from 2005 and received funds amounting to US\$3.26 for 2006. Out of the US\$5.05 million available to the Programme for its activities in 2006, only US\$2.72 million was spent leaving a balance of US\$2.33 million which was carried forward to finance research activities in 2007. The funds received were contributed by the governments of the Netherlands, the United Kingdom (through the Department for International Development (DFID)), Italy and Denmark, as well as the European Commission. This excludes contributions of Norwegian Kroner 2.5 million (approximately US\$ 0.70 million) from the Government of Norway, which was sent to the International Institute of Tropical Agriculture (IITA) and the International Livestock Research Institute (ILRI) as their core funding to be spent on SSA CP activities. The contribution of the government of France towards the SSA CP is through secondment of a technical advisor to the FARA Secretariat who devotes over 40% of his time to the Programme. The Programme's leadership wishes to register deep appreciation to the above-mentioned development partners for their invaluable financial contributions.

The Programme's funding outlook for 2007 is good with 95% of the Programme's budget already secured. The outlook is however not as bright for 2008 and 2009; current funding commitments for these years cover only 57% of their budgets.

Lessons Learned

A selection of lessons learned during 2006 covering both technical and institutional issues is presented in the final chapter of this report. Other lessons are provided under section 5.3 (operational issues and challenges).

2. BACKGROUND

Agriculture holds the key for stemming and reversing the worsening poverty and food insecurity trends in Sub-Saharan Africa. This reality is well recognised by the region's leaders, who through the New Partnership for Africa's Development (NEPAD) initiative have identified agriculture among the main catalysts for the region's economic development.¹ However, at the current performance levels of the SSA agricultural sector, it is unlikely that the region will attain the first millennium development goal target of halving hunger and by 2015. The SSA CP was initiated in response to the need to dramatically increase the development impact of agricultural research in SSA.

The extensive consultations that led to the formulation of the SSA CP (from 2002 to 2004) concluded that the principal shortcoming to date of African agricultural research and development efforts has been the failure of research to catalyse developmental impact at significant scales. These consultations hypothesised that for research to play a more effective role in catalyzing development, it should be appropriately located within a broader system of agricultural innovation that facilitates interaction and enhances flows of knowledge among actors in the system. This systemic and innovation-focused approach to agricultural research has been referred to as "Integrated Agricultural Research for Development" (IAR4D). The SSA CP seeks to establish principles for conducting IAR4D in the dynamic and heterogeneous SSA contexts and evaluating the effectiveness of this approach compared to other agricultural research and development (ARD) approaches, in delivering development impact to actors in the agricultural innovation system with an emphasis on smallholder farmers.

2.1 Program objectives and structure

The overall goal of the SSA CP is to contribute to improved rural livelihoods, increased food security and sustainable natural resource management throughout SSA by adapting, evaluating and promoting IAR4D. Initially the Programme was designed to demonstrate best practices for carrying out IAR4D. However, an evaluation of the Programme's inception phase by the CGIAR Science Council (SC) in June-July 2007 recommended a shift in its focus. The Programme now aims to²:

- establish principles, options and examples of how processes for systemic innovation can be organized among researchers, practitioners, policy actors, market chain actors, and rural communities, so that new technologies, techniques and policies are more useful, affordable and accessible to end users leading to desirable impacts on their livelihoods;
- develop strategies for improving the innovative capacity of actors in the agricultural innovation system;
- establish the causal connections between stakeholder interaction, learning, innovation (technical and institutional) and development outcomes.
- evaluate the efficiency and effectiveness of IAR4D over other research and development approaches.

With regard to structure, the SSA CP operates at three levels: programme-wide; at the pilot learning site (PLS) level (3 PLS³) and at project level (9 projects, 3 per PLS). Operating at the programme level are

¹ NEPAD (2003) Comprehensive Africa Agriculture Development Programme

² The four objectives/aims emerged from a review and planning exercise held in May 2007 to develop the Programme's MTP for 2008-2010. They represent a refinement on the objectives articulated in reports produced before May 2007.

³ The SSA CP's three pilot learning sites are the Kano-Katsina-Maradi (KKM) PLS, which straddles southern Niger and northern Nigeria (West Africa), the Lake Kivu PLS, located on the borders between the Democratic Republic of Congo, Rwanda and Uganda (East Africa), and the Zimbabwe-Malawi-Mozambique (ZMM) PLS, a transect that runs through these countries in Southern Africa.

FARA, which hosts the Programme's Coordination Unit (PCU), the Programme's Steering Committee (PSC) and a cross-site research support team (CRST). At the PLS level, the main actors are the three sub-regional agricultural research organizations (SROs) in SSA, lead institutions (LIs) responsible for coordination of research and financial management at this level, and pilot learning teams and their management committees. At the project level the principal actors are the multi-institutional project implementing teams (task forces) which include the ultimate beneficiaries of the Programme – the farmers. Further details about the Programme's structure are presented in Chapter 5.

2.2 Research strategy and priorities

The Science Council commissioned evaluation stands out as a watershed in the Programme's evolution. It recommended that during its research phase, the CP should focus on answering the following research questions in a scientific and statistically robust manner.

- a. Does the IAR4D concept work and can it generate deliverable international and regional public goods for the end users?
- b. Does the IAR4D framework deliver more benefits to end users than conventional approaches (if conventional ARD and extension approaches had access to the same resources)?
- c. How sustainable and usable is the IAR4D approach outside the test environment (i.e. issues of scaling out for broader impact)?

The evaluation further recommended that SSA CP should address the above questions by demonstrating "proof of concept" of IAR4D using, as its research contexts, development issues at the interfaces of the following four components: (i) technologies for improving productivity; (ii) sound natural resource management (NRM); (iii) accessibility and efficiency of markets for smallholder products; and (iv) formulation and adoption of policies and institutional arrangements that foster innovation to improve livelihoods of smallholder farmers and pastoralists.

3. RESEARCH ACCOMPLISHMENTS

3.1 Overview

The 2006-2008 MTP for the SSA CP was developed during the early stages of the Programme's inception phase. As the inception phase progressed and as clarity about IAR4D and the challenges and opportunities of implementing it increased, the Programme's planned activities evolved accordingly as reflected in its 2007-2009 MTP. The SC's evaluation of the Programme which recommended a shift to proving whether IAR4D works, effectively sanctioned an expansion of the objectives of the Programme to include a comparative evaluation component and a process that evaluates the replicability, efficiency and effectiveness of IAR4D as it moves from a pilot scale to wider implementation. It also held back the expansion of the Programme from three PLS to nine PLS as initially planned. The period August to December 2006 was devoted to internalising the recommendations of the SC's evaluation, aligning the Programme's research portfolio to the SC's recommendations, strengthening the capacities of the Programme's research teams in aspects highlighted by the review, most notably in innovation system principles, and in participatory monitoring, evaluation and impact assessment. These activities were carried out as the Programme stepped through processes for its approval to the research phase. These included obtaining the CGIAR's Executive Council's endorsement in October 2006 and its final approval by CGIAR members in December 2006.

The 2006-2008 MTP listed the following as the activities planned for 2006:

1. Submission of concept notes (CNs) and full proposals to relevant SROs and through them to the PSC;
2. Review and endorsement of CNs and proposals by the SROs and PSC and submission of MTP to the CGIAR Science Council;
3. Review of the MTP by the SC;
4. Expansion of the Programme to an additional six PLS;

5. Postgraduate exposure to integrated natural resource management

The first three activities above were completed by August 2006. The latter two activities (4 and 5) were overtaken by the SC's recommendation which disapproved of the Programme's geographical expansion from three to nine PLS. In addition to accomplishing activities 1-3, the Programme registered the following achievements:

- Training of the "winning" CN teams, in IAR4D and Monitoring and Evaluation.
- Development of the Programme's evolving strategy
- Consolidation of selected project proposals into coherent and integrated PLS programmes
- Preparation of selected inception phase reports for publication (validation reports, a paper on PLS selection and a paper on lessons learned from the competitive grants system)
- Review of lessons learned during the Programme's inception phase
- Preparation of FARA's response to the SC's evaluation of the Programme
- Entering agreements with Lead Institutions for the research phase
- Capacity building of stakeholders in key areas pointed out by the SC review and further consolidation of PLS projects

The above activities were essential to establishment of a firm foundation for implementation of the Programme. However, their outputs cannot strictly be characterized as research achievements, although they have a strong relevance to future SSA CP research. The substantive research achievements are expected after commencement of the Programme's research phase and will be reported in subsequent annual progress reports. Some of the outputs of the lessons learned review are summarized in chapter 7.

3.2 Technical Outputs

The 2006-08 MTP for the SSA CP does not separate technical outputs from other outputs. However, in this report all outputs concerned with the development of the SSA CP's research plan are treated as technical outputs. These include selection of the Programme's research projects through a competitive process; development of a strategy, consolidation of PLS projects into coherent PLS programmes and their further alignment to recommendations by the SC following its evaluation of the Programme and development of the Programme's 2007-2009 MTP.

Evaluation and selection of sub-programs/projects in each of the three Pilot Learning Sites

The call for concept notes of SSA CP projects attracted 90 CNs, but only 68 of them met the call requirements and were comprehensively reviewed by an independent panel (18-25 January 2006). Of the 68 CNs that were reviewed, 21 CNs were approved to be developed into full research proposals. An evaluation of the full proposals (5-9 March 2006) led to the selection of 9 projects (3 per PLS) around which the Programme's research portfolio was defined. This exercise also identified the teams (task forces) that were charged with implementing the Programme's research at the field level. Table 1 shows a breakdown of the number of concept note submissions and approvals by sub region.

Table 1. Number of concept notes submitted by the three SROs and outcomes of their review

Sub region (defined by SRO)	Closing date	# of CNs received	# of CNs not meeting call requirements	# of CNs reviewed by Panel	# of CNs approved to proceed to proposal development
CORAF/WECARD	12 Jan 2006	17	8	9	5
ASARECA	16 Jan 2006	36	8	28	10
SADC-FANR	12 Jan 2006	37	6	31	6
Total		90	22	68	21

The independent reviewers observed that the CNs revealed a generally poor understanding by potential task forces, particularly those led by NARS and non-research institutions, about: (a) IAR4D and

innovations systems; and (b) elements of project management especially monitoring and evaluation, and knowledge management. They therefore recommended capacity strengthening for task forces of the selected CNs in the above aspects. The competitive process for allocation of research funds brought to light the challenges of using such a mechanism to build innovation system partnerships (within task forces) and collaboration across task forces. It emerged that in order to build an effective partnership-based programme; the competitive process needs to be complemented by strengthening the capacities and making other affirmative action provisions targeted at the “weaker” partners. The CGS facilitated the opening up of the CGIAR System for non-CGIAR research actors to contribute significantly to the System.

The SSA CP’s evolving strategy

In February and March 2006, the SSA CP undertook a facilitated process to articulate its key concepts, features, outcomes and processes in a strategy document. The strategy development process served as an opportunity to reflect on what had been learned by then and to re-evaluate the Programme’s outcomes and the approach for achieving them. Through this process, the concept of an agricultural “innovation platform” emerged, which has since become a central feature of IAR4D. A second version of the strategy developed in June 2006 served as a key reference in the development of the Programme’s 2007-2009 MTP.

Consolidation of selected projects into coherent and integrated PLS programmes

The nine projects which emerged from the competitive process were developed by the task forces independently. Moreover, the competitive environment curtailed collaboration among the task forces. After selection of these projects, it was clearly evident that they and their respective task forces needed to be integrated and consolidated into coherent PLS research programmes. A facilitated process involving several iterations was therefore initiated to revise and transform the selected projects into integrated PLS programmes.

Development of the 2007-09 Medium Term Plan (MTP)

An initial version of the SSA CP’s rolling MTP for 2007-09 was submitted to the CGIAR Science Council in March 2006, immediately after selection of task force projects and before they could be consolidated into coherent PLS programmes. The Science Council agreed to give the SSA CP more time (up to June 2006) to further refine its MTP and submit it at the same time as other CPs and all centres. The MTP laid out the SSA CP’s research plan for the period 2007-2009. However, this plan was overtaken by events when the SC’s evaluation recommended a change of focus from demonstration of IAR4D at nine PLS to proof of IAR4D at only three PLS.

Preparation of selected inception phase reports for publication

The reports on results of SSA CP activities prepared for publication in 2006 include: (i) reports on the identification of the SSA CP’s entry points in each of the current three PLS (validation reports); (ii) a report on the selection of the PLS, (iii) a paper on lessons learned from application of the competitive grants system in identifying the research portfolio of the SSA CP; and (iv) a report on the review of lessons learned during the inception phase.

Validation reports for the three PLS were prepared for publication and printed. A condensed version of the validation report for Lake Kivu PLS was presented at the 2005 African Crop Science Conference.⁴ A report detailing the selection of PLS was accepted for publication by the *International Journal of Agricultural Sustainability*.⁵ A paper on experiences and lessons learned from the competitive grants

⁴ Bekunda, M.; Mudwanga, B. E.; Lundall-Magnuson, E.; Makinde, K.; Okoth, P.; Sanginga, P.; Twinamasiko, E. and Woomer, P.; (2005). “Entry Points for Agricultural Research and Rural Enterprise Development around the Virunga Mountains of DR Congo, Rwanda and Uganda”, *Proceedings of 2005 African Crop Science Conference, Vol. 7*. pp. 791-796.

⁵ Thornton, P. K.; Stroud A.; Hatibu N.; Legg C.; Ly S.; Twomlow S.; Molapong K.; Notenbaert A.; Kruska R. and von Kaufmann R.; (2006). “Site selection to test an integrated approach to agricultural research for development: combining expert knowledge and participatory Geographic Information System methods,” *International Journal of Agricultural Sustainability, Vol 4*, no.1, pp. 39-60.

system used to select the Programme's research portfolio and teams was presented at the Tropentag 2006 conference.⁶ A report on lessons learned during the inception phase of the SSA CP was compiled by a consultant (Jill Lenné) in June 2006 and its softcopy version was shared with pilot learning teams.⁷

Review of the SSA CP's Inception Phase by the CGIAR Science Council (SC)

A review of the Programme's inception phase commissioned by the SC was carried out in June and July 2006. The review recommended an extension of the Programme for a three-year research phase but with activities confined to the current three PLS (i.e., it proscribed the planned expansion to six additional PLSs). Further, the review recommended that the Programme should focus its research over the three years to proof of the IAR4D concept, that is, to establish using a rigorous and statistically robust method whether IAR4D works and delivers more benefits than conventional approaches. The proof of concept is to be undertaken while addressing problems at the interfaces of increasing productivity and improving natural resource management, market access and efficiency, and policies. Furthermore, the SC recommended more balance in the participation of the Programme's stakeholders by bringing on board more non-research partners, notably the private sector and civil society. The FARA Secretariat assembled a team representative of SSA CP stakeholders to draft a response to the SC. The team put together a 10-page response that agreed with all the recommendations except the ones concerning governance of the Programme. The period following the review was devoted to responding to its recommendations.

3.3 Portfolio of SSA CP projects

The SSA CP comprises nine PLS projects (three projects per PLS) (see Table 2). The three projects for each PLS constitute a PLS programme (see Table 2).

Table 2. The SSA CP portfolio of projects at the 3 PLS (*Italics indicate task force lead institutions*)

Lake Kivu PLS (East & Central Africa)	KKM PLS (West Africa)	ZMM PLS (Southern Africa)
<ol style="list-style-type: none"> 1. More food products and better nutrition at reduced cost and minimal degradation of the natural resource base (<i>ISAR, Rwanda</i>) 2. Beneficial conservation and sustainable use of natural resources (<i>Makerere University, Uganda</i>) 3. Wealth creation through agro enterprise diversification and improved market access (<i>CIAT-Uganda</i>) 	<ol style="list-style-type: none"> 1. Improving livelihoods of rural populations through intensification, access to markets, and sustainable management of natural resources in the Sahelian agro-ecological zone (AEZ) (<i>INRAN, Niger</i>) 2. Sustainable agricultural intensification and integrated natural resource management to improve rural livelihoods in the Sudan Savannah (<i>IITA</i>) 3. Developing a multi-stakeholder approach to linking technical options, policy, and market access for improved land productivity in the Northern Guinea Savannah (<i>IFDC-Africa</i>) 	<ol style="list-style-type: none"> 1. Expansion of horticulture value chains in irrigated and rainfed systems (<i>IPGRI</i>) 2. Integration of sustainable soil fertility management innovations into staple food value chains in high and low potential systems (<i>CIMMYT</i>) 3. Integration of efficient water and nutrient use innovations in high and low potential cereal grains systems (<i>TSBF-CIAT</i>)
PLS Consolidated Programmes		
More food production and agricultural productivity through diversification, improved market access along with beneficial conservation and sustainable use of natural resources.	Improve the productivity of farming systems and ensure an efficient use of resources through technical, administrative, marketing and management issues in the 3 agro ecological zones of the KKM pilot site.	Improve the performance of the agricultural value chains through intensification, intensification and other technical innovations in high and low potential farming systems.

⁶ Tizikara C.; and Kwesiga F; (2006). "Enhancing Agricultural Productivity in Sub-Saharan Africa through IAR4D and Competitive Grants Processes: Experiences and Lessons," *Proceedings of the Tropentag Conference on Prosperity and Poverty in a Globalized World – Challenges for Agricultural Research*, University of Bonn, October 11-13, 2006.

⁷ Lenné, Jill (2006). "Lessons learned to date during the Inception Phase of the SSA-CP, with particular emphasis on international public goods (IPGs)".

The nine projects provide the context for answering the Programme's principal research questions and at the same time generate local, regional and international public goods. Ultimately, answers to these research questions are generated by the cross-site research, which involves the synthesis of learning and analysis of results across the nine projects.

By the end of 2006 all the above projects were still at the development stage. Specifically, they were being aligned to the new focus of the SSA CP, namely proving that IAR4D works and evaluating its effectiveness relative to conventional agricultural research and development approaches. The principal outputs of the projects at this stage were the revised project documents.

4. PROGRESS ON OTHER SSA CP ACTIVITIES

4.1 Capacity Building

Capacity building constituted an important activity during 2006. It focussed on strengthening the competencies of candidate and selected research implementers of the SSA CP on various aspects of IAR4D (its core concepts, innovation systems, action research, value chains and innovation platforms), its implementation and evaluation of its effectiveness, and in project design and management. The capacity building was targeted to the 21 task forces that were given the go-ahead to develop project proposals and to the nine task forces whose projects were selected to constitute the SSA CP research portfolio. This capacity strengthening was provided by the facilitation and mentoring and the impact assessment service providers in the form of training and on-demand advice to task forces. Capacity strengthening activities carried out after the SC's evaluation of the Programme aimed at aligning the projects to the evaluation's recommendations, notably achieving a common understanding of IAR4D and developing a research plan for proving whether IAR4D works and for comparing the approach with conventional ones.

4.2 Data management

The SSA CP coordination unit continued its maintenance of a database of virtually all documentation generated by the Programme during the inception phase. To date, data management has been limited to management of documentation because the Programme has not yet started collecting field research data. As an indication of the importance the Programme attaches to data management, it has appointed a research data management expert on its cross-site research support team (CRST).

Further, the Programme initiated collaboration with the CGIAR's Central Advisory Service on Intellectual Property (CAS-IP). An intern from CAS-IP was seconded to FARA for one month (14th July to 14th August) to review the capacity needs of FARA in dealing with IP issues and legal instruments that articulate the role and responsibilities of parties to the various SSA CP partnerships. The intern produced a report that was sent out for peer review by CAS-IP.

4.3 Communications/ Public awareness

Several characteristics of the SSA CP notably its multi-stakeholder orientation, its emphasis on strengthening interactions and knowledge flows among IAR4D actors, and its aim to transform the way IAR4D actors perform their functions, require the Programme to establish and maintain a robust communication and public awareness capacity. In 2006 the Programme initiated the process for developing a communication strategy and its subsequent implementation. This process was set in motion with the recruitment of a communications specialist for FARA's Secretariat. This specialist will, among other duties, be charged with addressing the communication needs of the SSA CP. The communication strategy for the SSA CP will be in place in 2007 and its implementation will earnestly commence immediately thereafter. Further, it will be integrated with the communication strategy of FARA. In addition, as a programme of FARA, the SSA CP benefits from FARA's advocacy and public awareness efforts.

The Programme's awareness raising activities centred around: (i) in-country workshops aimed at increasing the awareness of the SSA CP within the PLS countries, and (ii) presentations and participation in numerous fora that brought together various ARD actors. Furthermore, the SSA CP worked together

with other Challenge Programmes to produce a flyer containing basic information about the CPs. This flyer was widely distributed.

4.4 Other Activities

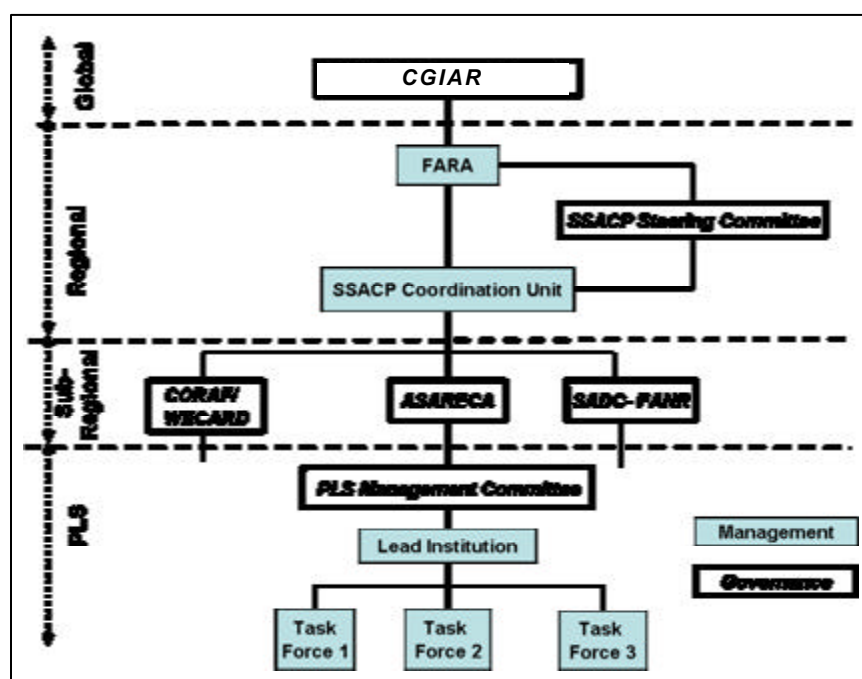
Preparation of Agreements between the FARA Secretariat and Lead Institutions

In preparation for the research phase, the FARA Secretariat initiated negotiations with lead institutions over their role and the terms for coordinating research within their respective PLS.

5. GOVERNANCE AND MANAGEMENT

The SSA CP operates at three levels, namely (i) programme-wide/regional, (ii) at PLS/sub-regional and (iii) at the task force (project) level (see Figure 1). Governance structures are in place at the first two levels, and management structures have been established at all three levels. The management philosophy of the SSA CP draws on the principle of subsidiarity, whereby each level of management is responsible only for tasks that cannot be performed more effectively at lower levels.

Figure 1 Governance and management structure of the SSA CP



5.1 Programme Governance Structure

The Programme's governance structure was not subject to any changes during 2006 (see Figure 1). The Programme's governance remains the responsibility of the CGIAR executive council, the Programme's Steering Committee (PSC) which acts on behalf of FARA's Executive Committee, SROs and PLS Management Committees (MCs). The governance bodies specifically constituted for the SSA CP are the PSC and the MCs. The PSC provides direct governance oversight over the entire Programme, while MCs are responsible for oversight of the Programme's activities within the Pilot Learning Sites and on behalf of the SROs to which they report. Membership of both the PSC and MCs is representative of the Programme's stakeholders, including those that are research-oriented (SROs, NARS, IARCs, and ARIs) and those who are traditionally not associated with research (e.g., farmers' organisations, NGOs and the private sector). FARA challenged a recommendation by the CGIAR Science Council commissioned evaluation that sought to replace the PSC with an advisory committee. FARA argued that the steering

function of the PSC is essential. As a compromise, the PSC provided for the commissioning of Technical Advisory Committees that would be constituted on an ad hoc basis to advise the PSC.

There is concern, however, among the Programme's stakeholders that the governance structure is overburdened by its many layers, which increase transaction costs and reduces decision-making efficiency. An intervention in response to this concern is being explored by the FARA secretariat. It entails dispensing with the MCs, leaving SROs as the principal governance organ at the PLS level.

5.2 Management and coordination of the SSA CP

The principal management bodies of the SSA CP include (i) the FARA Secretariat which hosts the Programme's coordination unit (PCU), (ii) the PLS Lead Institutions and (iii) the task force lead institutions. The Executive Director of FARA's Secretariat is responsible for the overall management of the SSA CP, while the PCU led by a Coordinator is responsible for operational management of the Programme (including technical coordination of its research). The PCU is leanly staffed (three professional staff), focussing on programme-wide issues. It is complemented by other staff of the FARA Secretariat including those responsible for finance, human resources and operations (travel and protocol), as well as communication and information systems.

In conformity with the principle of subsidiarity, management functions relating to the PLS and task force levels are carried out by the PLS Lead Institution and the task force leaders/lead institutions respectively. The Lead Institutions at the PLS and task force level are responsible for managing and accounting for funds used to finance activities within their jurisdictions and for management of the technical dimension of the Programme's research, including facilitating the work of the cross-site research support team. IITA is the LI for both the ZMM and KKM PLSs while CIAT is the LI for Lake Kivu PLS. Task force leaders are responsible for managing and reporting activities of their respective teams as well as accounting for funds advanced to them through the PLS lead institutions. As with the governance structure, the Programme's management structure has been subjected to scrutiny over its perceived cumbersomeness. In response to these concerns, the FARA Secretariat is exploring ways of making the structure leaner and improving upon the Programme's management efficiency.

5.3 Operational issues, challenges and transaction costs

The SSA CP has emerged as a vehicle for operationalising the "meeting of the minds". The tensions that raged over selection of the PLS LIs and membership of the MCs highlight the festering mistrust among CGIAR Centres, NARS and ARIs. The SSA CP traces its genesis to the "meeting of the minds" initiative that sought to identify strategies and mechanisms for improving co-ordination among CGIAR Centres and for co-operation with NARS partners. It is therefore expected to serve as a force for rallying agricultural research and development stakeholders in Africa around a common vision for transforming agriculture on the continent. The fact that it is coordinated by the FARA secretariat, which bears the mandate for promoting the partnering of various agricultural research and development stakeholders into alliances of synergy, puts it in good stead to achieve this objective. Moreover, the purpose of the SSA CP is to test and validate a way of conducting agricultural research that strengthens interaction, learning and innovation by multiple stakeholders including researchers, extension providers, development organisations, farmer organisations, and the private sector; who though interdependent, do not usually work collaboratively.

The main challenges the Programme has contended with include;

- i. balancing the need to demonstrate short term impacts with the medium to longer term nature of the task of proving that IAR4D works and whether it delivers significantly greater benefits than conventional approaches;
- ii. the perception held by many that research on an approach with emergent and systemic characteristics that does not lend itself to reductionist philosophy is not sufficiently rigorous to be considered cutting edge;

- iii. the lengthy process for approving the research phase of the Programme. From August to December 2006, the Programme's research actors waited for confirmation of its approval to continue to a research phase. This long wait dented stakeholder enthusiasm for the Programme.
- iv. The uniqueness of the SSA CP as the first initiative to conduct rigorous research into IAR4D processes and test the relative value of the approach at a sub-continental scale places enormous demands on the Programme to develop new methodologies and to adapt some existing ones in novel ways.
- v. Achieving the desired level of participation by all agricultural innovation system actors in inception phase activities. Obtaining the active participation of sufficient private sector actors was a major challenge. It is however expected that at the research implementation stage this group of actors will become more active especially as stakeholders on innovation platforms principally because incentives for their participation will be more readily evident.
- vi. The relatively high transaction costs associated with getting a new Programme off the ground and developing new modes of collaboration and of doing business. The experiences of the SSA CP in this regard are similar to those of other Challenge Programmes.

The Programme responded to challenges (i) and (ii) by initiating dialogue and voicing its concerns to relevant stakeholders in particular the CGIAR Science Council. Concerning challenge (iv), the Programme resolved to engage a multi-disciplinary cross-site research support team that among other things would develop, adapt and evaluate the performance of research methodologies. With regard to challenge (v) the Programme has undertaken to make provision for addressing the unique needs of the various actors in the research phase, especially the private sector ones, in order to assure their active participation. Concerning the high transaction costs, the Programme undertook to initiate an exercise to rationalise its governance and management structure, and to review the cost-effectiveness of the way its management is carried out, with the aim of cutting down its transaction costs. Recommendations of this exercise will be implemented during the research phase.

Transaction costs

The transaction costs for the SSA CP accounted for 35.3% of total expenditure in 2006 (see Table 3). This is much higher than the 22.7% recorded for 2005, which was comparable in proportion with the inception phase transaction costs for the Challenge Programme on Water and Food (CPWF) and the HarvestPlus Challenge Programme that averaged 24.4%⁸. The SSA CP's transaction costs for 2006 are unusually high because most of the activities carried out during the year, even though fundamental to the development of the Programme, fell under the "transaction costs" category stipulated by the CGIAR.

Table 3. SSA CP Transaction Costs in 2006

Expenditure Item	US\$
Steering committee meetings and field trips	103,346
PLS management committees	86,756
Programme Coordinating Unit (including operational cost, consultation and planning fora; human resource, data management, IPR and synthesis of lessons learned)	611,943
External reviews including travel	58,420
Evaluation of concept notes and project proposals	101,628
Total	962,093
Total expenditure for the year	2,721,979
Transaction costs as a % of total expenditure	35.3%

⁸ CGIAR (2004). "Synthesis of Lessons Learned from Initial Implementation of the CGIAR Pilot Challenge Programs: A Joint Report by the Science Council and the CGIAR Secretariat"

These include the review of concept notes and proposals; the consultative development of the Programme's strategy and MTP (costs for these activities are embedded in the coordination unit's budget) and expenses associated with the external reviews of the Programme or its host institution (in 2006 the Programme was evaluated by the CGIAR science council and as a programme of FARA it took part in the Joint External Evaluation (JEE) and the External Programme Management Review (EPMR) of the FARA secretariat.

All Challenge Programmes agree that the costs associated with establishment of new initiatives and developing new modes of collaboration and of doing business should be expected to be high; and since they are a core part of the research processes, they should not be regarded as an "overhead", but rather as an investment. This point appears to be as pertinent to the SSA CP as it is to other Challenge Programmes. That said, it is strongly emphasised that, similar to other Challenge Programmes, the SSA CP's transaction costs during the research phase will drop substantially to single digit figures. Moreover, this drop is expected to be progressive in succeeding years, starting with a projected maximum transaction cost of 13% in the first year to a projected maximum of 10% in the third year—the actual transaction costs are expected to be lower than these projections. The SSA CP also wishes to point out that in assessing the cost-effectiveness of CPs, the CGIAR should also consider the overhead costs, because while the SSA CP's transaction costs during its research phase are slightly higher than similar costs for the CGIAR-centre hosted CPs, its lower average overhead costs of 13.9% more than compensates for the slightly higher transaction costs, thus making a higher proportion of funds available for direct research activities. The Programme's leadership is committed to continuously exploring innovative ways of reducing transaction costs.

6. SSA CP FINANCES

6.1 Financial Objectives and Outcomes

Initially, the overall SSA CP budget for the six-year period from January 2005 to December 2010 for nine PLSs was estimated at US\$70 million. The two-year budget for the three PLS over the 18-month inception phase, followed by a six-month pre-implementation period up to December 2006, was estimated at US\$9.81⁹ million (MTP 2007-2009). Due to the recommended change in the Programme's focus and in particular the holding back of its planned expansion by a further 6 new PLS, the Challenge Programme's expenditure was substantially smaller than the budgeted amount.

During the two years ending December 2006, the FARA Secretariat received US\$7.50 million as funding for SSA CP activities (see Table 4). The funds available to the Programme in 2006 amounted to US\$5.05 million, including US\$1.79 million which was carried forward from 2005 and US\$3.26 million which was contributed by the European Commission and the governments of the Netherlands, the United Kingdom (DFID), Italy and Denmark (see Table 4). These contributions however do not include a Kroner 2.5 million (approx US\$0.7 million) grant made by the Government of Norway towards core funding for IITA and ILRI, which was to be used by the two institutions in their support of SSA CP activities. Further, the Government of France contributes towards the SSA CP through the secondment of a technical advisor to FARA who devotes 40% of his time to the SSA CP.

Total expenditure on SSA CP activities for the two years ending 31st December 2006 amounted to US\$5.17 million (69% of contributions) of which US\$2.72 million was spent in 2006 (see Table 5). The balance of US\$2.33 million was carried forward to finance the Programme's research activities for 2007.

6.2 Schedule of Contributions Received

As mentioned above, a total of US\$7.50 million was received from development partners from January 2005 to December 2006. Table 4 shows a breakdown of the funds received, their sources and dates of disbursement.

⁹ The February 2007 version of this annual report indicates a budget of US\$6.92 million, which was a revision of the 2007-09 MTP budget carried out as a part of the Programme's response to recommendations of its evaluation by the CGIAR science council's. The figure cited in this report is the original budget amount stated in the 2007-09 MTP.

Table 4 Contributions from Donors in 2005 and 2006

Date	Donor	Value in Original Currency	US\$
Jan 05	Netherlands	€1,200,000	\$ 1,586,280
Jan 05	European Commission	€700,000	917,188
Feb 05	DFID/United Kingdom	£500,000	953,500
Sep 05	DFID/United Kingdom	£70,000	126,560
Sep 05	Italy	€500,000	658,000
Dec 05*	Netherlands	€600,000	602,500
Jun 06	Netherlands	€600,000	602,500
Mar 06	European Commission	€700,000	905,400
Mar 06	DFID/United Kingdom	£70,000	119,490
Sep 06	Italy	\$639,030	639,030
Dec 06	DANIDA/Denmark	Kroner 2,200,000	390,654
Total Contributions			\$ 7,501,102

* Disbursement made in 2005 towards financing the 2006 activities

6.3 Schedule of disbursements

The funds disbursed by FARA for SSA CP activities carried out in 2006 amounted to US\$2.72 million. A break down of the destinations of these disbursements and the amounts disbursed is presented in Table 5.

Table 5. Schedule of Disbursements to Partners (CGIAR and outside) in 2006

Institutions/Recipients	Expenditure component/activities	Amount (US\$)
CGIAR - IITA	Kano/Katsina/ Maradi PLS activities	358,952
CGIAR - CIAT	Lake Kivu PLS activities	322,982
CGIAR - IITA	Zimbabwe/Malawi/Moz. PLS activities	366,268
ARI - NR International	Facilitation & Mentoring Services	136,635
ARI - ECART	Impact Assessment	81,981
Other Partners	Capacity Building & Strategy Planning	68,510
Sub Regional Organizations	SRO Technical Support	212,400
Other Partners	Development of MTP	113,163
Programme Coordination	Personnel	473,286
Programme Coordination	Supplies and services	149,062
Programme Coordination	Operational Travel	88,590
Programme Coordination	Project Proposal Evaluation	101,628
Programme Coordination	Programme Reviews (incl. travel)	58,420
Programme Steering Committee	PSC meetings	103,346
PLS management committee	PLS MC meetings	86,756
Total		2,721,979

6.4 Resource allocation/expenditure (by sub-programmes and priority areas)

The sub-programmes of the SSA CP are the PLS projects. The funds allocated to them in 2006 were channelled through the Lead Institutions, the service providers and the coordination unit (see Table 6). By the time the MTP for 2006-2008 was put together in 2005, the Programme had not been sufficiently developed for its priority areas to be ascertained. What is more, the priorities articulated in the following rolling MTP (2007-2009) were overtaken by recommendations of the SC's evaluation of the Programme. The first definitive articulation of the SSA CP's research priorities is presented in the 2008-2010 MTP. Therefore, reporting on resource allocation to research priorities in 2006 is not applicable to the SSA CP.

6.5 Other issues on financial management

Current funding situation

The FARA Secretariat carried forward a total of US\$2.33 million from the SSA CP's 2006 budget to its 2007 budget (see Table 6). The SSA CP's funders have declared their commitments towards financing the Programme's 2007 budget. These commitments, combined with the amount carried forward from 2006, are almost sufficient to cover the 2007 budget (they leave a shortfall of US\$ 0.53 million – see Table 6). FARA secretariat expects funds from the said commitments to be disbursed beginning in August 2007. For 2008 and 2009, DFID has conditionally pledged £2.00 million per year. However, the other funders have not yet indicated their commitments for 2008 and 2009, leaving a crucial gap in information that the FARA Secretariat requires to inform its fundraising effort.

Table 6 summarizes the Programme's funding status (funds required, commitments and current funding gap) of the SSA CP over the research phase (2007 to 2009), while Table 7 shows a breakdown of the annual budgets by major activities. Table 6 shows that the Programme's 2007-2009 funding gap amounts to US\$12.97 million (43% of the research phase budget). Most (96%) of this gap lies in the 2008 and 2009 budgets for which all other funders except DFID have not yet made commitments. Notes 1 to 3 inserted below Table 6 provide additional information on the commitments.

Table 6. Funding status of the SSA CP for the period 2007-2009 (in US\$000)

Donor	2007	2008	2009	Total
Budget Requirements	9,914	9,916	10,117	29,947
Funding:				
Balance carried forward from 2006	2,327	0	0	2,327
DFID (United Kingdom) ¹	3,800	3,800	3,800	11,400
European Commission ²	2,445	-	-	2,445
Government of Italy ³	608	-	-	608
The World Bank	200	-	-	200
Total Cash/Pledges	9,380	3,800	3,800	16,980
Funding Gap	534	6,116	6,317	12,967

1. Funds pledged by the United Kingdom (DFID) amount to GB £2.00 million per year (approx US \$3.8 million)
2. Funds pledged by the European Commission for 2006 and 2007 amount to €1.80 million (approx US \$2.45 million). FARA expects these funds to be disbursed in October 2007.
3. Italy pledged €450,000 (approx US\$608,000) for 2007 to be channelled through the CGIAR Secretariat.

Table 7. SSA CP Research Phase Budget (in US\$000)

Item	2007	2008	2009	Total
Sub-Regionally-managed activities				
1. Research at project sites (by task forces)	4,500	4,500	4,500	13,500
2. Cross-site research managed at PLS level	1,014	1,014	1,014	3,042
3. Lesson synthesis and IAR4D capacity development at PLS	375	375	375	1,125
4. PLS Management Committees	150	150	150	450
5. Research support by Lead Institutions	930	930	930	2,790
6. Sub-Regional Organizations (SROs)	180	180	180	540
FARA-coordinated activities				
7. Cross-site research managed at programme level	765	765	765	2,295
8. Cross-site capacity development in IAR4D	255	255	255	765
9. Programme Coordination Unit: research support & coordination	877	842	992	2,711
10. Governance (Programme Steering Committee)	143	180	200	523
11. FARA indirect costs	725	725	756	2,206
Total	9,914	9,916	10,117	29,947

7. LESSONS LEARNED

The principal lessons learned during the reporting period are listed below:

1. The mind-set change required for individuals and institutions to fully embrace the IAR4D paradigm will be gradual. The groundswell of interest in integrative and multi-institutional innovation-focused approaches to agricultural research and development even in the absence of empirical evidence that such approaches are more cost-effective than their conventional counterparts appears to be driven by the promise held out by these approaches to deliver impact. It also exposes a frustration with conventional approaches over their inability to catalyse widespread impact and a willingness by agricultural stakeholders in SSA to experiment with new approaches. There are few, if any, precedents of the institutional changes required to implement IAR4D and how they may be facilitated. Therefore, for testing and subsequent scaling up of IAR4D to be successful, it is essential for the SSA CP or other initiative with similar objectives to develop the innovation capacities of its target stakeholders. Crucial elements for developing such capacity and building coalitions of stakeholders revolve around trust, accountability, transparency, clear “rules of the game” (well defined roles and responsibilities, clearly defined entrance and exit conditions), and evident incentives for individuals or organisations to partner and form coalitions.
2. Inclusiveness and timing of engagement: it is essential that all innovation system stakeholders for the identified priority value chains or agricultural systems are adequately represented in the CP at the appropriate time/stage. Ascertainment of this appropriate time/stage will be an important finding of the SSA CP’s research, which would be used to strengthen the “rules of the game” mentioned in (1) above.
3. Institutions that are development and profit-oriented, as well as women, are presently under-represented in the SSA CP. Further to (2) above, the Programme acknowledges that such institutions may not readily come on board at the conceptualisation stage of an initiative because they usually tend to wait until the initiative is developed to a stage where incentives for their participation become clear. The SSA CP innovation platforms are expected to serve as contexts for facilitating the desired representation of these groups in agricultural research for development. Nevertheless, because involvement of these groups at all stages adds value to the Programme’s outcomes, it remains important for the Programme to take proactive steps aimed at increasing representation of these groups to equitable levels at all stages. This will entail crafting innovative communication and operational strategies targeted at reaching and accommodating these groups. Another notable stakeholder group that was underrepresented in the inception phase is the advanced research institution (ARI) group.
4. It is particularly essential to align the objectives and activities of various elements of the Programme’s activities such that the Programme functions as a coherent, unified effort that leverages synergies from its constituents. Cross-site communication and sharing of learning will require continual effort and fine-tuning.
5. Although not originally provided for in the Programme’s proposal, MCs at the PLS level have proven to be an important element of the governance structure for the Programme during its inception. This was a clear example of the advantages offered by purposeful flexibility entailed in IAR4D. However, the practice of continual learning and adaptation/refinement in the management of the Programme and its projects and in the operation of innovation platforms will take root gradually mainly because it runs counter to most established practices. As the Programme marched to commencement of the research phase, the relevance of the MCs appeared to diminish. This highlights the evolutionary nature of the Programme and underscores the need for its governance and management structures to make provisions for regular changes in response to changes in their external environment. For example it is important to restrict the tenure of these structures and to review their functions regularly.
6. Experiences with the competitive grants system (CGS) during the inception phase indicate that relying solely on this approach is not the best way to foster partnerships for generating innovative IAR4D research, or to involve stakeholders with diverse levels of capability (especially in terms of the ability to write proposals). The CGS, as it was implemented in the inception phase, also involved high transactions costs, although some of these were unavoidable. Nevertheless, these costs point to an overall need to improve the efficiency with which the research-for-development agenda is defined and how implementation teams are selected. Commissioning has been widely suggested by stakeholders

as a valuable complement to the CGS. The Programme will employ it to cover some of the gaps created by the CGS and in engaging the cross-site research support team.

7. By serving as the mechanism through which four out of the nine SSA CP research projects are led by non-CGIAR centres (i.e. IFDC, INRAN, ISAR, and Makerere University), and through which 24 NARS, 10 farmer organisations, 13 private sector organisations and 13 NGOs are partnering in a research effort to address major development problems, the CGS opened up the CGIAR System for non-CGIAR research actors to contribute significantly to its Challenge Programme.
8. The review of concept notes and project proposals highlighted an overarching need for mentoring/capacity building in several key areas, namely: understanding the IAR4D approach and its operationalisation; the formation of partnerships and networks to include stakeholders within and outside the agricultural production sector that bring to the partnership competencies to address constraints across an entire value chain or agricultural system; project formulation, monitoring and evaluation of projects, knowledge management, and poverty and environmental assessment. These capacity gaps point to the need for further capacity development during the research phase.
9. Central to the success of the SSA CP is the development of new capacity to implement and evaluate the impacts of IAR4D. Since the SSA CP has adopted action-research/experimental learning based approach, monitoring and evaluation has assumed a very important role as a management tool. Experience from the inception phase and a growing understanding of the nature and implications of IAR4D suggest that the “service provision approach” as initially defined was not appropriate for the Programme. For example, it emerged that the Programme should not have been designed to engage independent providers for its support functions (monitoring, evaluation and impact assessment, knowledge management, capacity building and organisational and institutional change). Rather, an integrated team should have been commissioned to undertake this function. The Programme has resolved to adopt this latter approach.
10. The establishment of the Challenge Programme entailed fairly high transaction costs, but they were comparable to similar costs incurred by the CPWF and HarvestPlus during their inception. These costs are projected to become substantially lower during the research phase, following a trend similar to the abovementioned challenge programmes.
11. The period between July and December 2006 was characterised by limited SSA CP activity as FARA waited for the various arms of the CGIAR to step through the several stages of the Programme’s approval processes. The virtual break in the Programme’s timetable as this approval process took its course was unanticipated and contributed to the high transaction costs for the Programme. It also dented stakeholder enthusiasm for the Programme.
12. The lessons highlighted above point to several gaps the Programme must address. Since most of these gaps are traceable to lack of capacity or inexperience by stakeholders, they will be addressed by instituting appropriate capacity development strategies.

**SSA Challenge Program
Revenue and Expenditure
For the year ended December 31, 2006
Amount in US \$**

Contributions Received

Donors		
	European Union	905,400
	Netherlands	1,205,000
	DFID	119,490
	Italy	639,030
	Danida	390,654
Earned Income		
Total Revenue		3,259,574

Expenditure

Partners		
	Kano/Katsina/ Maradi PLS activities- IITA (Lead Institution)	358,952
	Lake Kivu' PLS activities - CIAT (Lead Institution)	322,982
	Zimbabwe/Malawi/Mozambique PLS IITA (Lead Institution)	366,268
	Facilitation & Mentoring- NR international	136,635
	Impact Assessment- ECART	81,981
	Capacity Building & Strategy Planning -Other partners	68,510
	SRO Technical Support	212,400
	Development of MTP- Other partners	113,163
	sub-total	1,660,891
Program Management ²		
	Personnel	473,286
	Supplies and services	149,062
	Operational Travel	88,590
	Project Proposal Evaluation	101,628
	Program Reviews Inc travel	58,420
	Program Steering Committee	103,346
	PLS MC meetings	86,756
	sub-total	1,061,088
Total Expenditure		2,721,979

Excess of Revenue over Expenditure (Deficit) 537,595

Balance brought forward from 2005 and previous years 1,790,002

Cumulative balance **2,327,597**

when applicable
¹ please indicate as a footnote how much of the total Program Management is transaction costs,
² defined as: steering or advisory groups, research evaluation panels, secretariat where such mechanism exist

foot note 2

Details for transaction cost

Expenditure Item	US\$'
PSC meetings and field trips	103,346
PLS Management Committee meetings	86,756
Programme Coordinating Unit (including operational cost, consultative and planning fora; human resource, data management, IPR and synthesis on lessons learned)	611,943
External reviews including travel	58,420
Project proposal evaluation	101,628
Total	962,093
Total Expenditure for the year	2,721,979
Transaction cost as % of total expenditure	35%