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Enabling poor rural people
to overcome poverty

President's memorandum

Proposed supplementary grant to the Republic of Guinea-Bissau for the

Rural Rehabilitation and Community Development Project

Note to Executive Board representatives

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Executive Board — 100th Session
Rome, 15-17 September 2010

For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed supplementary financing to the Republic of Guinea-Bissau for the Rural Rehabilitation and Community Development Project, as contained in paragraph 9.

President's memorandum

Proposed supplementary grant to the Republic of Guinea-Bissau for the Rural Rehabilitation and Community Development Project

I. Background

1. This memorandum seeks approval for supplementary financing of US\$1.05 million, equivalent to SDR 0.70 million, for the Rural Rehabilitation and Community Development Project in Guinea-Bissau approved by the Executive Board in September 2007.
2. As highlighted in paragraph 23 of the relevant President's report (EB 2007/91/R.19/Rev.1), the project is financed by IFAD with a grant of US\$4.7 million. The supplementary funding being sought is available under Sweden's complementary contribution to the Eighth Replenishment of IFAD's resources. The use of this contribution for the Guinea-Bissau project is consistent with the Executive Board's decision, in September 2009, that the Swedish funds be used "for both grant financing and the enhancement of the design and implementation of regular IFAD projects and programmes to increase food security in the least developed countries." Moreover, "up to 25 per cent of the complementary contribution could be used, where appropriate, for technical assistance, in collaboration with the Investment Centre of the Food and Agriculture Organization of the United Nations." (EB 2009/97/R.40/Rev.2.)

II. Justification and rationale

3. With this project, IFAD resumed its partnership with Guinea-Bissau after an interval of 15 years. The project is the first-ever major investment project in Quinara and Tombali and, despite its small size, is proving to be an important motor of development in these two regions. The supplementary funding will significantly strengthen the project, allowing more investments to be made in agricultural production, food security and other rural development activities directly benefiting IFAD's target group in the regions. These investments, to be channelled mainly through the local initiatives fund, will support the development of small-scale agricultural projects, improved input use, better terms of trade for producers, and expanded and diversified agricultural production.

III. Project costs

4. The total revised project cost is US\$6.7 million over four years. The sources of financing are: (i) IFAD, with a grant of US\$4.7 million (70 per cent) and the proposed supplementary grant of US\$1.05 million (16 per cent); (ii) the Government, with counterpart funds amounting to US\$0.88 million (13 per cent); and (iii) beneficiaries, with a contribution of US\$0.09 million (1 per cent).

IV. Proposed modifications to the financing agreement

5. Upon agreement of the Executive Board, the financing agreement will be amended to reflect the supplementary IFAD financing. This financing strengthens the financing plan initially agreed at design and does not imply any modification of the project description.

V. Legal instruments and authority

6. An amendment to the current financing agreement between the Republic of Guinea-Bissau and IFAD will constitute the legal instrument for extending the proposed supplementary financing to the recipient.
7. The Republic of Guinea-Bissau is empowered under its laws to receive financing from IFAD.
8. I am satisfied that the proposed supplementary financing will comply with the Agreement Establishing IFAD.

VI. Recommendation

9. I recommend that the Executive Board approve the proposed supplementary financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a supplementary grant to the Republic of Guinea-Bissau in an amount equivalent to seven hundred thousand special drawing rights (SDR 700,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President