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Enabling poor rural people
to overcome poverty

Summary of project, programme and grant proposals discussed by the Executive Board

Executive Board — 101st Session
Rome, 14-16 December 2010

For: **Information**

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I. Project/programme proposals

1. The following project/programme proposals were approved by the 101st session of the Executive Board, and are in line with the Debt Sustainability Framework (DSF).

A. West and Central Africa

Chad: Rural Development Support Programme in Guéra (PADER-G) (EB2010/101/R.19/Rev.1)

2. The Executive Board unanimously approved a loan of SDR 5.70 million and a grant of SDR 5.40 million to the Republic of Chad to finance the Rural Development Support Programme in Guéra. Board members had no questions regarding the programme and recognized its importance to food security and rural development in the country.

Niger: Emergency Food Security and Rural Development Programme (EB 2010/101/R.20/Rev.1)

3. The Executive Board unanimously approved the provision of a loan of SDR 4.15 million and a grant of SDR 4.15 million to the Republic of the Niger for the Emergency Food Security and Rural Development Programme. The Executive Board sought clarification on: (i) the geographical area of intervention; (ii) the definition of the programme as an emergency programme; (iii) partnership with the Food and Agriculture Organization of the United Nations (FAO) and other United Nations agencies; and (iv) the choice of the steering committee of Operational Programme 11 "Improvement of Food Security through Development Irrigation" of the National Rural Development Strategy. Responses were provided to the Board's satisfaction.

Sierra Leone: President's memorandum: Rehabilitation and Community-Based Poverty Reduction Project (EB 2010/101/R.21/Rev.1)

4. The Executive Board unanimously approved the provision of a supplementary loan to the Republic of Sierra Leone on highly concessional terms in an amount equivalent to SDR 7.05 million and a supplementary grant of SDR 7.05 million for scaling up the Rehabilitation and Community-based Poverty Reduction Project, approved by the Executive Board in December 2003 (EB 2003/80/R.26/Rev.1). The Executive Board sought clarification on how to better coordinate donors' interventions in the field and how to strengthen the cooperation between IFAD and German cooperation. Responses were provided to the Board's satisfaction.

Togo: Support to Agricultural Development Project (EB 2010/101/R.22/Rev.1)

5. The Executive Board unanimously approved the provision of an IFAD grant in the amount of SDR 8.65 million under the DSF, and a grant of US\$20.0 million under Global Agriculture and Food Security Programme (GAFSP) supplementary funds to the Togolese Republic and to help finance the Support to Agricultural Development Project. The Board representative for the United States of America commended the efforts made to mobilize such major financing from the GAFSP and the other cofinanciers (West African Development Bank and the ECOWAS Bank for Investment and Development). The Board representatives for Brazil, Nigeria, and Sweden also commended IFAD on the partnerships established with this project.

B. East and Southern Africa

Mozambique: Artisanal Fisheries Promotion Project (EB 2010/101/R.23/Rev.1)

6. The Executive Board unanimously approved the provision of a loan of SDR 13.85 million to the Republic of Mozambique to finance the Artisanal Fisheries Promotion Project. Several Board members commented positively on the fact that the project is focusing on the artisanal fisheries subsector, which – although critical for poverty

reduction and food security purposes – is often neglected by both development assistance and national policies. The representative of Belgium stated that the project will not be considered for cofinancing by the Belgian Fund for Food Security (BFFS). The Executive Board sought clarification on several items, among them the sustainability of fish resources for the artisanal sector, the capacity of the local artisanal fishing fleet to target resources off shore, the arrangements for partnerships among institutions within the Ministry of Fisheries, and the financing plan of the project in view of the dropping of the BFFS cofinancing. Responses were provided to the Board's satisfaction. Further clarification will be provided on some of the issues on a bilateral basis.

United Republic of Tanzania: Marketing Infrastructure, Value Addition and Rural Finance Support Programme (EB 2010/101/R.24/Rev.1)

7. The Executive Board unanimously approved a loan on highly concessional terms to the United Republic of Tanzania amounting to SDR 59.4 million to cofinance the Marketing Infrastructure, Value Addition and Rural Finance Support Programme. The Executive Board commended IFAD Management and staff on the exemplary design of this fairly challenging but promising investment programme, which will complement other rural poverty reduction programmes and projects supported by IFAD and other development partners. The Executive Board recommended that during programme implementation concerted efforts be made by the Government and cofinanciers to develop and strengthen linkages with the country programme with due attention to institutionalizing the governance framework, enhancing transparency in resource allocation among stakeholders and ensuring that appropriate safeguards are followed in order to minimize the environmental impact of planned investments.

C. Asia and the Pacific

Bhutan: Market Access and Growth Intensification Project (EB 2010/101/R.25/Rev.1)

8. The Executive Board unanimously approved the provision of a loan of SDR 5.6 million and a grant of US\$2.0 million to the Kingdom of Bhutan to finance the Market Access and Growth Intensification Project. The Board welcomed the various innovations planned under the project, the inclusion of a significant technical assistance component and the focus on commercial agriculture related to the export of selected commodities to India and Bangladesh. Board members from Sweden, Switzerland, Denmark and India sought clarification on: (a) the rationale for establishing a project coordination unit (PCU) within the Ministry of Agriculture and Forests (MOAF); (b) the approach regarding recurrent costs; (c) the reasons for the high-level of expected beneficiary contributions; (d) the role of farm road construction in relation to the objective of improving market access for smallholders; and (e) the strategy for ensuring that export objectives can be met given the difficult terrain. It was explained that: (i) the decision to locate the PCU within the MOAF was taken based on IFAD's negative experience with an ad hoc PCU located in Eastern Bhutan that was not part of the regular government apparatus, and also because of the need to mainstream coordination activities within established in-country systems; (ii) recurrent costs, to be entirely borne by the Government, mainly consist of the salaries of PCU staff, the PCU operating budget, and the operation and maintenance of vehicles and motorcycles; (iii) the high level of expected beneficiary contributions, both in cash and in kind, is an attempt by the project to introduce cost-sharing mechanisms to reduce farmers' dependency on Government inputs and investment funds and promote their self-reliance; (iv) earlier IFAD-funded projects in Eastern Bhutan were mostly in support of farm road construction, given that road construction is the necessary precursor to rural development. Road construction activities under the new project are limited to a small number of strategic farm roads, and most of the budget will be used to strengthen the ability of emerging commercial farmers to take advantage of national and export markets through input provision and training; and (v) the project will only support commodities that have proven market potential, and will therefore take into account physical obstacles in the links between producers and

traders or markets. Therefore, support to off-season vegetable production for export to India will be promoted mainly in Samdrup Jongkhar, which borders India. However, it was noted that Indian traders already travel to Eastern Bhutan to buy citrus fruit on site. Similarly, due to their long shelf life, potato seeds can easily be transported for two days, which is the maximum time for a truck to travel from the most distant Eastern districts to the Indian border.

**Pakistan: Southern Punjab Poverty Alleviation Project
(EB 2010/101/R.27/Rev.1)**

9. The Executive Board approved a loan for SDR 26.35 million to finance the Southern Punjab Poverty Alleviation Project in the Islamic Republic of Pakistan. Prior to the Board session, the representatives for Denmark, France and Switzerland provided the Secretariat with written comments and were satisfied with the feedback they received. In approving the project, the Board raised the following issues: (i) the importance of ensuring adequate coordination and avoiding duplication with other donor-funded projects and the need for appropriate mechanisms; (ii) the need for mitigation measures to address the risks associated with climate change, indebtedness and unstable security situations; and (iii) feasibility of allocating small land plots for poor women under the asset transfer subcomponent.

**Solomon Islands: Solomon Islands Rural Development Programme
(EB 2010/101/R.28/Rev.1)**

10. The Executive Board approved a grant of SDR 2.55 million to the Government of Solomon Islands to finance the Solomon Islands Rural Development Programme.

Viet Nam: Agriculture, Farmers, and Rural Areas Support Project in the Gia Lai, Ninh Thuan and Tuyen Quang Provinces (EB 2010/101/R.29/Rev.1)

11. The Executive Board approved a loan of SDR 31.5 million and a grant of SDR 0.2 million to the Socialist Republic of Viet Nam for the Agriculture, Farmers, and Rural Areas Support Project in the Gia Lai, Ninh Thuan and Tuyen Quang Provinces. In approving the loan and grant, the Executive Board member for Switzerland wished to know how market-oriented options are tied to the participatory approach; how policy dialogue will be addressed; and what is being done to ensure coordination with other line agencies and programmes. It was explained that in the sequencing of project activities the initial step would be to undertake value chain analysis and develop action plans; raise market awareness and disseminate market information widely to ensure that in the ensuing participatory planning process communities are able to diversify their options. With regard to policy dialogue, the grant of US\$300,000 to the Ministry of Agriculture and Rural Development will be used to extrapolate the lessons learned at the provincial level to the national level. With regard to coordination, IFAD expressed appreciation for the comments made by Switzerland and explained that the project would create working groups in such areas as agribusiness promotion, business environment reform and market-oriented planning. Furthermore, during implementation, it would be important to ensure that these coordination mechanisms are successful and that incentives to work together are put in place. The Board representative for Germany expressed concern about the complexity of having three different executing agencies and highlighted the importance of issues related to the "Green Economy". It was explained that as the project is decentralized to the three provinces, the respective provincial entities would act as the executing agencies. It was noted that the Vietnamese Government has made a strong request to the development partners involved that the project address climate change issues. The excellent performance of the projects supported by Germany in Viet Nam and the valuable lessons that these offer to IFAD were mentioned. IFAD will ensure that the project incorporates these lessons. The Executive Board member for Brazil expressed concern about the need for government ownership to ensure success. It was stated that the Government of Viet Nam also considers this vital. The Executive Board member for Nigeria expressed support for the work being done by the in-country team. In this respect, it was mentioned that the visit of the Board member to the field to see the projects was deeply appreciated.

D. Latin America and the Caribbean

Brazil: Cariri and Seridó Sustainable Development Project (PROCASE) (EB 2010/101/R.60)

12. Executive Board members stressed the relevance of the project's focus on the State of Paraíba as this is one of the country's poorest rural areas and has high levels of food insecurity. It was also highlighted that, thanks to its environmental component, the Cariri and Seridó Sustainable Development Project (PROCASE) constitutes a concrete way to deal with the negative impact of climate change on rural poverty in a semi-arid region. Based on these considerations, the Board re-endorsed this project, for which it had approved a loan of SDR 16.10 million at its session held in December 2009.

El Salvador: Rural Territorial Competitiveness Programme (*Amanecer Rural*) (EB 2010/101/R.30/Rev.1)

13. The Board approved a loan of SDR 11.15 million to the Republic of El Salvador for the Rural Territorial Competitiveness Programme (*Amanecer Rural*).

Guatemala: Sustainable Rural Development Programme in El Quiché (EB 2010/101/R.61/Rev.1)

14. The Executive Board re-approved the recommendation for the financing of a loan of SDR 10.85 million and a grant of SDR 0.33 million to the Republic of Guatemala to help finance the Sustainable Rural Development Programme in El Quiché. Board members recommended close collaboration with the municipal programme of the Gesellschaft für Technische Zusammenarbeit (GTZ) in the programme area. Board members were informed that IFAD is working closely with all donors present in the area and that the programme entails close collaboration with local government.

Guatemala: President's memorandum: Sustainable Rural Development Programme for the Northern Region – Extension of the time limit for signature of the loan agreement (EB 2010/101/R.62)

15. The Executive Board approved the extension of one year, to 17 December 2011, of the period for signature of the loan agreement for the Sustainable Rural Development Programme for the Northern Region.

Nicaragua: Development Programme for the Agricultural, Fishing and Forestry Productive Systems in the Indigenous Territories of RAAN and RAAS (NICARIBE) (EB 2010/101/R.31/Rev.1)

16. The Executive Board approved a loan of SDR 2.55 million and a grant of SDR 2.55 million to the Republic of Nicaragua. Representatives commented favourably on the project and highlighted the targeting approach that focuses on indigenous and Afro-descendant communities. The Executive Board stressed the need to support regional governments through the strengthening of human resources and institutional capacities, especially given the increasing number of projects being promoted by donors in the region. The issues of accessibility of local markets, women's participation and the carbon market for forest areas were also raised.

E. Near East and North Africa

Morocco: Agricultural Value Chain Development Programme in the Mountain Zones of Taza Province (EB 2010/101/R.32/Rev.1)

17. The Executive Board approved a loan of SDR 14.74 million and a grant of SDR 328,000 to finance the Agricultural Value Chain Development Programme in the Mountain Zones of Taza Province in the Kingdom of Morocco. The Board commended the division on the programme's robust design and the well-structured design document, which is aligned with national strategies. In response to questions from the Board, it was confirmed that youth and women will be involved in the four value chains supported by the programme. It was underlined that the programme design will ensure equity between men and women in the composition of the programme management unit and that service providers will be trained on targeting and gender. Environmental measures include soil and water conservation, protection of infrastructure from erosion and floods, environmental clauses in civil works contracts

and environmentally-friendly practices in the management of agro-processing residues. Finally, IFAD will harmonize its activities with those of all partners working in the programme area including the United States Agency for International Development (USAID).

Republic of Moldova: Rural Financial Services and Agribusiness Development Project (EB 2010/101/R.33)

18. The Board approved a loan of SDR 12.4 million and a grant of SDR 0.32 million for the Rural Finance Services and Agribusiness Development Project in the Republic of Moldova. The project was commended for closely liaising with donors operating in the country, particularly with USAID, the Millennium Challenge Corporation and the German cooperation agencies. Board members voiced their full endorsement of the project and highlighted the fact that the design was highly relevant and thus poised to tackle the major issues facing Moldovan agriculture, while benefiting from synergies generated by the development efforts of other in-country donors.

Sudan: Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project (EB 2010/101/R.34/Rev.1)

19. The Executive Board approved a DSF grant of SDR 8.875 million to the Republic of The Sudan to finance the Supporting Small-scale Traditional Rainfed Producers in Sinnar State Project. In accordance with the United States' legislative mandates against international financial institution (IFI) assistance that benefits the Government of The Sudan, the United States expressed its opposition by voting no to the project.

Sudan: President's memorandum: South Kordofan Rural Development Programme – Supplementary grant (EB 2010/101/R.35)

20. The Executive Board approved a supplementary grant of US\$2.1 million under Sweden's complementary contribution to the Eighth Replenishment of IFAD's resources to support the scaling up of the microfinance institution "Bara'ah" under the South Kordofan Rural Development Programme. In accordance with the United States' legislative mandates against IFI assistance that benefits the Government of The Sudan, the United States expressed its opposition by voting no to the supplementary grant.

Syrian Arab Republic: Integrated Livestock Development Project (EB 2010/101/R.36/Rev.1)

21. The Executive Board approved the provision of a loan of SDR 17.40 million on intermediate terms and a grant amount of SDR 425,000. In doing so, the Board commended the design team for the high-quality project. The representative for the United States stated that, in accordance with United States' legislative mandates against IFI assistance that benefits the Government of the Syrian Arab Republic, the United States expressed its opposition by voting no to the project. In response to some questions raised by the Executive Board, the following responses were provided to the Board's satisfaction: (i) the second project component – rangelands improvement and development of feed resources – directly contributes to meeting the first strategic objective of the results-based country strategic opportunities programme of promoting the sustainable management of natural resources (soil, water and rangelands); (ii) the successful achievements of the IFAD-supported Badia Rangelands Development Project allowed the beneficiary herders to better maintain their stock, destocking only 25 per cent of their animals, compared with an 80 per cent destocking by herders outside the project area; (iii) the Ministry of Irrigation is the main partner in the other IFAD-supported North-eastern Region Rural Development Project where water management accounts for 60 per cent of project costs and activities; and (iv) microfinance activities will be coordinated during project implementation.

Yemen: Fisheries Investment Project (EB 2010/101/R.37/Rev.1)

22. The Executive Board unanimously approved the proposed grant of SDR 5.8 million for the Fisheries Investment Project. Clarification was provided regarding the division of responsibilities among cofinanciers and the risk mitigation measures related to resource management.

II. Grant proposals

23. The following grant proposals were approved:

Grants under the global/regional grants window to non-CGIAR-supported international centres (EB 2010/101/R.63)

- (i) **Alliance for a Green Revolution in Africa (AGRA): Increasing the Impact of the Africa Enterprise Challenge Fund**

Board members approved a grant of US\$1.0 million.

- (ii) **Guatemalan Exporters' Association (AGEXPORT): PRO Mercados: Market Access Programme for Rural Associative Micro-, Small and Medium-sized Enterprises in Central America.**

Board members unanimously approved a grant of US\$2.0 million.