

Document: EB 2012/106/INF.9
Date: 21 September 2012
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

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

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Executive Board — 106th Session
Rome, 20-21 September 2012

For: Information

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

I. Project/programme proposals

1. The following project/programme proposals were approved by the 106th session of the Executive Board, and are in line with the Debt Sustainability Framework (DSF).

A. West and Central Africa

Cameroon: President's memorandum: Rural Microfinance Development Support Project – supplementary loan (EB 2012/106/R.12/Add.1)

2. The Executive Board unanimously approved a supplementary loan on highly concessional terms to the Republic of Cameroon, in an amount equivalent to SDR 1.95 million. The Executive Board member for France recommended that IFAD should develop synergies with the upcoming L'Agence Francaise de Développement initiative in the microfinance sector. No further questions were raised by the Executive Board members.

Cape Verde: Rural Socio-economic Opportunities Programme (EB 2012/106/R.13)

3. The Executive Board unanimously approved an IFAD loan of SDR 4.2 million and a Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund) loan of EUR 7.1 million, both on highly concessional terms, to the Republic of Cape Verde for the Rural Socio-economic Opportunities Programme. The United States representative commended IFAD for the prompt and detailed responses to the questions sent prior to the session.

Democratic Republic of the Congo: Kinshasa Food Supply Centre Support Programme (EB 2012/106/R.14)

4. The Executive Board unanimously approved a grant of SDR 45.35 million to the Democratic Republic of the Congo for the Kinshasa Food Supply Centre Support Programme (PAPAKIN). The programme will contribute sustainably to improving food security and producer incomes. The main beneficiaries of PAPAKIN are rural men and women with particular attention the rural youth. This programme has been developed in close cooperation with the Government and development partners in the Democratic Republic of the Congo focusing on synergies, economics of scale and strong implementation support. Consistent capacity building will ensure the mitigation of potential risks during the implementation of the Programme. Written statements were received from the United States of America and Italy before the session and replied to in writing and during the Executive Board session support from Belgium and the question from the United Kingdom and Netherlands regarding capacity-building and targeting was explained.

Niger: Ruwanmu Small-Scale Irrigation Project (EB 2012/106/R.16)

5. The Executive Board unanimously approved: (i) an IFAD loan and a grant of SDR 1.17 million and SDR 0.655 million respectively and, (ii) a Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund) loan of EUR 14 million, both on highly concessional terms, to the Republic of Niger to finance the Ruwanmu Small-Scale Irrigation Project. Written comments were provided to the Country Portfolio Manager by the Executive Board member for the United States of America and no further questions were raised during the Executive Board session.

B. East and Southern Africa

Mozambique: Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (EB 2012/106/R.17/Add.1)

6. The Executive Board approved a loan of SDR 10.85 million on highly concessional terms, a grant of SDR 1.01 million, a Spanish Food Security Cofinancing Facility Trust Fund loan of EUR 13.30 million on highly concessional terms and an IFAD Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund grant of SDR 3.26 million for the Pro-poor Value Chain Development Project in the Maputo and Limpopo Corridors. Written comments from the Executive Board member for Denmark, France, Switzerland and the United States of America had been received and replied to before the session. In approving the financing, the Executive Board member for the United Kingdom (also representing Belgium, Canada and Netherlands), Finland and India sought clarifications on: (i) plans for the ongoing analysis of the value chain, particularly regarding marketing, private sector linkages and the income effects on farmers; (ii) the policy-related interventions and enabling actions to support Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors Project (PROSUL); (iii) the mechanisms of climate resilience; (iv) how the project will strengthen local policy processes; (v) the low carbon technologies to be used for infrastructure; (vi) issues of biodiversity and water quality and security; (vii) the risks presented by the political economy; (viii) the relationship between costs, results and the resulting value for money; (ix) the capacity of the Ministry of Agriculture as the implementation institution; (x) the capacity of the Government of Mozambique to service the loan; (xi) the pro-poor targeting of the project; (xii) the level of identification of the private partners. In addition, the Executive Board member for Denmark, Angola and Canada voiced their strong support for the proposal. Responses were provided to the Board's satisfaction. In particular, the regional division explained the plans for using value chain specific scoping studies that will be the basis for monitoring the key developments through the life of the project, the integrated arrangements for financing private project activities, the use of Lead Service Providers and capacity building to strengthen the implementation capacity of the Centre for the Promotion of Agriculture (CEPAGRI), the track-record by Mozambique in servicing its loans together with the use of the IFAD grant for capacity building activities, the clear project focus on smallholder farmers as opposed to larger and more commercial farmers, and the high degree of consultations with private project partners, including small-scale traders interested in investing in the slaughterhouse. Moreover, it was explained by the Director of the Environment and Climate Division that project design has been an intensive learning experience for IFAD in integrating ASAP elements into the various project components, and that this learning process will continue with sound analysis of the implementation experience.

Mozambique: President's memorandum: PRONEA Support Project – amendment to the loan agreement (EB 2012/106/R.41)

7. The Executive Board approved an amendment to the loan agreement for the Agriculture Support Programme, henceforth called the PRONEA Support Project.

C. Asia and the Pacific

China: Hunan Agricultural and Rural Infrastructure Improvement Project (HARIIP) (EB 2012/106/R.18/Add.1/Sup.1)

8. The Executive Board unanimously approved a loan of SDR 30.25 million plus a grant of SDR 0.66 million in support of the Hunan Agricultural and Rural Infrastructure Improvement Project (HARIIP) on ordinary terms and conditions (18 years, including a grace period of 5 years, with an interest rate equal to the reference interest rate per annum as determined by IFAD semi-annually. In approving the project, the Executive Board highlighted the need to speed up the flow of funds, especially in the case where Prefectures add another layer in what seems to be a long chain between the Borrower

(Ministry of Finance) and the end users of the funds (villagers and implementing agents). The Executive Board also emphasized the need to support the strengthening of the technical extension system to make it more participatory and less top-down. The Board acknowledged that one good way is to strengthen the synergies between the extension services and farmers' cooperatives so that they can effectively carry out the participatory farmer-to-farmer extension system as foreseen under HARIIP.

**India: Jharkhand Tribal Empowerment and Livelihoods Project
(EB 2012/106/R.19/Add.1/Sup.1)**

9. The Executive Board approved a loan on highly concessional terms in an amount equivalent to SDR 33.55 million to finance the Jharkhand Tribal Empowerment and Livelihoods Project. In approving the loan, the Board requested clarification on the following three points: (i) the breakdown of the domestic contribution in the financing plan; (ii) whether the anticipated retroactive financing would come out of the IFAD loan; and (iii) the intentions for sharing knowledge with other States in India. On the first point, it was confirmed that the State Government will provide approximately US\$7.9 million, and that this will be complemented by approximately USD 11.6 million from the Special Central Assistance to Tribal Sub Plan, and approximately US\$44.2 million from the Mahatma Gandhi National Rural Employment Guarantee Scheme. In addition, there may be other sources of domestic co-financing mobilized during implementation. On the second point, it was confirmed that the retroactive financing will come out of the approved IFAD loan, and is not additional to the loan. On the third point, it was confirmed that knowledge management is a high priority in the India Country Programme, and there is an intention to ensure that knowledge from the project is shared for the benefit of other States in India with similar situations.

**Indonesia: Coastal Community Development Project
(EB 2012/106/R.20)**

10. The Executive Board approved an IFAD loan in the amount of SDR 15.87 million on ordinary terms, an IFAD grant in the amount of SDR 1.18 million and a Spanish Food Security Cofinancing Facility Trust Fund loan of EUR 6.29 million on ordinary terms to the Republic of Indonesia for the Coastal Community Development Project. In approving the loan and grant, the Executive Board members for Netherlands and the United Kingdom, and Japan sought clarifications on: (i) the project's approach to the mitigation of corruption; (ii) the project's geographic targeting.

**Nepal: Kisan Kalagi Biu-Bijan Karyakram (Improved Seeds for Farmers Programme)
(EB 2012/106/R.21/Add.1/Sup.1)**

11. The Executive Board unanimously approved a grant for the amount of SCR 12.85 million and a loan of SDR 12.85 million on highly concessional terms for the Kisan Kalagi Unnat Biu-Bijan Karyakram (Improved Seeds for Farmers Programme). Questions were received by e-mail from the Swiss Development Cooperation and the Danish Embassy in Kathmandu some days prior to the Executive Board session and written comments from the Country Programme Manager were provided especially in response to the decentralized aspects of the seed production and the innovative links to be created between farmers groups producing seeds and the private sector. The third question raised relates to previous seed project experiences in the country and ongoing operations and was emphasized during the session by the Executive Board member for the United States of America mentioned the United States Agency for International Development (USAID) request to be involved in the coordinating mechanism. The Country Portfolio Manager confirmed the need for a coordination mechanism at national level. In approving the loan, the Board emphasized the useful but challenging agriculture seed sub-sector and recommended better coordination among ongoing operations in the country under Government leadership. This coordination, in line with the aid effectiveness agenda, could be organized under the umbrella of the national Agriculture Development Strategy (ADS) currently under design.

D. Latin America and the Caribbean

Brazil: Productive Development and Capacity-Building Project (Paulo Freire Project)

(EB 2012/106/R.23/Sup.1)

Brazil: Rural Business for Small Producers Project (Dom Távora)

(EB 2012/106/R.24)

12. The Executive Board unanimously approved the provision of a loan of SDR 20,624,403 and a Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund) loan of EUR 5,948,482 to the State of Ceará of the Federative Republic of Brazil to finance the Productive Development and Capacity-Building Project (Paulo Freire Project).

The Executive Board unanimously approved the provision of a loan of SDR 10,312,201 to the State of Sergipe of the Federative Republic of Brazil to finance the Rural Business for Small Producers Project (Dom Távora).

The Executive Board member for Denmark acknowledged the relevance of the Sergipe Project considering the poverty levels in the project area, its aim to generate sustainable income and the approach focused on promoting entrepreneurship among the small producers to be benefited. The Executive Board member for Denmark also mentioned that prior to the Executive Board session, some comments were transmitted to the Country Portfolio Manager of Brazil, and responses received. The Executive Board member for Argentina supported the projects for Brazil and highlighted that they show the relevant role IFAD plays in Middle Income Countries to overcome poverty. The Executive Board member for India expressed his support to projects in Brazil and recalled that, as chairman of the Evaluation Committee, had had the opportunity to visit a previous IFAD project in the State of Ceará where he found high commitment and qualified work in implementing IFAD projects, both in the State Government staff and in the Project Management Unit. Finally, the Executive Board member for Spain expressed his satisfaction and support to projects in Brazil due to their quality, and recalled that five projects approved by this Executive Board session are co-financed with resources from the Spanish Trust Fund.

Brazil: President's memorandum: Semi-arid Sustainable Development Project in the State of Piauí (Viva o Semi-Árido) – Extension of time limit for signature of the financing agreement

(EB 2012/106/R.42)

13. The Executive Board unanimously approved the extension of six months of the time limit for signature of the financing agreement of Semi-arid Sustainable Development Project in the State of Piauí (Viva o Semi-Árido) of the Federative Republic of Brazil without any further comments from the Executive Board members.

Peru: Strengthening Local Development in the Highlands and High Rainforest Areas Project

(EB 2012/106/R.25)

14. The Executive Board unanimously approved the provision of a loan of SDR 12.9 million to the Republic of Peru to finance the Strengthening Local Development in the Highlands and High Rainforest Areas Project. The Executive Board member for Argentina supported the project for Peru, and highlighted that it shows the relevant role IFAD plays in MICs to overcome poverty. The Executive Board member for Spain expressed his satisfaction and support to the project in Peru due to its quality, and recalled that five projects approved by this Executive Board session are co-financed with resources from the Spanish Trust Fund.