

Document: EB 2012/107/INF.11
Date: 20 December 2012
Distribution: Public
Original: English

E



Enabling poor rural people
to overcome poverty

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

Note to Executive Board representatives

Focal points:

Technical questions:

Brian Baldwin
Senior Operations Management Adviser
Tel.: +39 06 5459 2377
e-mail: b.baldwin@ifad.org

Dispatch of documentation:

Deirdre McGrenra
Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Executive Board — 107th Session
Rome, 12-13 December 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 107th session of the Executive Board, and are in line with the Debt Sustainability Framework (DSF).

A. West and Central Africa

Benin: Adapted Rural Financial Services Development Project (EB 2012/107/R.14+Sup.1)

2. The Executive Board approved unanimously the ARFSDP PROJECT of a loan of SDR 8.75 million and a grant of SDR 8.75 million to the Republic of Benin to finance the Adapted Rural Financial Services Development Project. IFAD clarified that the needs of the end-users of the adapted rural financial services were assessed via the Rural Economic Growth Support Project (PACER) now under way as well as complementary baseline surveys. IFAD further clarified that one of its objectives is to have an incremental 150 000 clients benefit from new financial services.

Regarding the role played by the Ministry of Agriculture (MoA) in this specialized finance project, IFAD acknowledged that it would have been ideal to have this project under the leadership of the Ministry of Finance. However, given the supervisory role it plays in Benin in the absence of a national central bank, an implementation role in this project could lead to a conflict of interest. IFAD reassured the Executive Board that measures will be taken to limit the implementation role of the MoA. A Technical Consultative Committee will be created and chaired by the Ministry of Finance. The Committee will be instrumental in resolving the technical issues involved in implementing this rural finance project.

Burkina Faso: Participatory Natural Resource Management and Rural Development Project in the North, Centre-North and East Regions (Neer-tamba Project) (EB 2012/107/R.15)

3. The Executive Board unanimously approved a grant of SDR 33.2 million to Burkina Faso for the Participatory Natural Resource Management and Rural Development Project in the North, Centre-North and East Regions (Neer-tamba Project). During the session, the Executive Board member for France raised a question concerning the complementarity of Neer-tamba with the projects and programmes of other donors in the country, in particular the World Bank and the Danish Cooperation. IFAD indicated that this project has been developed in close cooperation with the Government and will coordinate with the National Programme for Land Management, the Agro-sylvo-pastoral Financing Support Programme and the Agricultural Productivity and Food Security project, financed by the World Bank, and with the current and future programmes of the Danish Cooperation (Agriculture Sector Programme Support to Burkina Faso and the Rural Growth and Employment Programme). These projects and programmes all share the goal of contributing to the development of stakeholders and sustainable, innovative approaches, instruments, and procedures that can gradually be taken over by the Government and its partners, especially the agriculture chambers and professional organizations, thereby contributing to implementation of the Government's National Rural Sector Programme and the Strategy for Accelerated Growth and Sustainable Development.

B. East and Southern Africa

Madagascar: President's memorandum: Support Programme for Rural Microenterprise Poles and Regional Economies (PROSPERER) – supplementary loan (EB 2012/107/R.17)

4. The Executive Board approved the supplementary loan of SDR 7.3 million to the Republic of Madagascar for the Support Programme for Rural Microenterprise Poles and Regional Economies (PROSPERER).

The Board was informed by the representative of the United States that, in keeping with her country's legislative mandates, the United States could not join in the consensus approval with regard to the Support Programme for Rural Microenterprise Poles and Regional Economies in Madagascar.

C. Asia and the Pacific

Afghanistan: Community Livestock and Agriculture Project (EB 2012/107/R.18)

5. The Executive Board approved a DSF grant in an amount equivalent to SDR 37.65 million to the Islamic Republic of Afghanistan to finance the Community Livestock and Agriculture Project. Written comments on (i) the capacity of MAIL and DAIL to implement the project; (ii) project sustainability and handover to beneficiaries and government institutions; (iii) commercial viability and linkages to markets of the proposed activities; (iv) risks of distorting the market mechanisms; (v) operation and maintenance; (vi) risk mitigation measures; (vii) procurement and financial management procedures that will be followed in the project; (viii) selection of project area and risk of overlapping with other donor-funded interventions; (ix) procedure of approval of the pre-selected Service Providers by the National Special Procurement Committee; and (x) the risk of conflicts between the two ethnic groups of Kutchis and Hazaras were received prior to the meeting from the Executive Board members for Denmark, the United States of America and France. These comments have been responded in writing. In approving the grant, the Executive Board member for the United Kingdom (also representing the Netherlands) requested clarifications on the donor consultation process held during the preparation of the project. It was clarified that the World Bank, the Asian Development Bank, FAO, WFP and JICA were consulted during the various phases of project design. The Executive Board member for India noted that closer supervision and a differentiated approach should be sought. It was confirmed that, based on the experience of the ongoing IFAD-funded project, adequate supervision will be provided to this project. However, acknowledging that IFAD would need additional capacity to address the specific needs of fragile states, a proposal to strengthen this capacity will be presented to the next Executive Board in April 2013.

China: Yunnan Agricultural and Rural Improvement Project (EB 2012/107/R.19+Add.1+Sup.1)

6. The Executive Board unanimously approved a loan of SDR 30.45 million to the People's Republic of China in support of the Yunnan Agricultural and Rural Improvement Project 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 noted that the project was well formulated and welcomed its innovative approaches in several areas, notably its gender focus.

D. Latin America and the Caribbean

Guatemala: President's memorandum: Sustainable Rural Development Programme in El Quiché – Extension of the time limit for signature of the loan agreement (EB 2012/107/R.49)

7. The Executive Board unanimously approved the extension of six months to Guatemala for signing the financing agreement for the Sustainable Rural Development Programme in El Quiché.

E. Near East, North Africa and Europe

Gaza and the West Bank: President's memorandum: Participatory Natural Resource Management Programme – supplementary financing (EB 2012/107/R.22)

8. The Executive Board approved the provision of a supplementary grant of SDR 1.942 million to Gaza and the West Bank for the Participatory Natural Resource Management Programme. The supplementary grant financing proposed for the Participatory Natural

Resource Management Programme (PNERMP) currently implemented in the Palestinian Territories of the West Bank has received an unanimous support. Enquires about IFAD's ability to directly supervise the project given the challenging context as well as the level of contributions of the microfinance institutions were brought up. The Division Director and the Country Portfolio Manager indicated that supervision missions had been able to work effectively and gave the example of the May 2012 mission. The issue about how to refer to the Palestinian Territories in light of the recent upgrade of the status in the United Nations was discussed. Office of the General Counsel will lead the Fund's consultations to determine the legal course with regard to the possible amendment of the official name of the grant recipient.

**Turkey: Murat River Watershed Rehabilitation Project
(EB 2012/107/R.25)**

9. The Executive Board approved an IFAD loan of SDR17.95 million and an IFAD grant of SDR 0.28 million to the Republic of Turkey for the Murat River Watershed Rehabilitation Project with no comments made.

II. Grant proposals

10. The following grant proposals were approved:

Grant under the private-sector grants window to Making Cents International (MCI): Scaling-up IFAD Rural Youth Employment Interventions Programme in the NENA Region (EB 2012/107/R.26)

11. The proposed grant under the private-sector grants window to Making Cents International (MCI) for the Scaling-up of IFAD rural youth employment interventions in NENA has drawn several comments seeking further clarification on the process leading to the selection of the grant recipient, the technical content of the project, as well as the flow of funds to the region. Several Executive Board members indicated that the relatively concise President Report did not provide enough detail. IFAD management acknowledged the need to consider adapting the President Report format and the length for grants under the private sector window, and urged the Executive Board directors to avail themselves with the opportunity to engage with regional division staff members to discuss the technical issues ahead of the Executive Board sessions. The IFAD President highlighted the fact that large grants undergo a thorough due diligence process before their submission to the Executive Board for approval. The Division Director highlighted the relevance of the grant given the high youth unemployment levels in Near East, North Africa and Europe and pointed out to the opportunity offered by the grant to build "centres of excellence" in the region for issues related to youth entrepreneurship. The proposed grant was approved.

Grants under the global/regional grants window to CGIAR-supported international centres (EB 2012/107/R.50)

12. The Executive Board approved that the financial structure of the grants approved by the Executive Board on 24 September 2012 under the lapse-of-time procedure for the International Centre for Agricultural Research in the Dry Areas (ICARDA) for the Integrated Crop-Livestock Conservation Agriculture for Sustainable Intensification of Cereal-based Systems in North Africa and Central Asia Programme and for the International Livestock Research Institute (ILRI) for the Innovative Beef Value Chain Development Schemes in Southern Africa shall be modified, and the grants shall be channelled through the World Bank, as trustee of the CGIAR Fund, in accordance with funding Window 3 of the CGIAR Fund.