Summary of project, programme proposals discussed by the Executive Board

Note to Executive Board representatives

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For: Information
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I. Project/programme proposals

1. The following project/programme proposals were approved by the 109th session of the Executive Board, and are in line with the Debt Sustainability Framework (DSF).

A. East and Southern Africa

Uganda: Project for Financial Inclusion in Rural Areas (EB 2013/109/R.19)

2. The Executive Board unanimously approved a highly concessional loan for a total amount of SDR 19.3 million, to Uganda for financing the Project for Financial Inclusion in Rural Areas (PROFIRA). Overall, the interventions of the Board members concurred with the relevance of the investment in the context of the rural areas of Uganda. Some specific questions were raised on: harmonization with other development partners’ interventions; the need for an appropriate regulatory framework for Tier IV financial institutions; some potential risks involved in investing in SACCOs; and the efficiency and cost-effectiveness of the project. In addressing the comments of the Board members, the AVP-PMD, the Director of ESA and the CPM for Uganda clarified that: harmonization with other development partners will be pursued proactively during project implementation as it has been during project design, within the framework of alignment with national strategies and priorities; considerable progress has been made during the last few months in regulatory aspects, with the approval of the regulatory framework by the Cabinet in June for presentation and discussion in the Parliament; appropriate measures are foreseen in the design document to mitigate the risks related to the sustainability of the SACCOs to be supported as well as of the national SACCO Union (UCSCU); the costs envisaged in PROFIRA are fully consistent with the prevailing standards in the community-based financial services industry in Uganda as well as in the region. The director of ESA also informed the Board about the advanced status of negotiations with the EU for the implementation of a complementary investment in an equity fund to support small and medium agribusiness development.

B. Asia and the Pacific

Bangladesh: Climate Adaptation and Livelihood Protection Project (EB 2013/109/R.39/Rev.1)

3. The Executive Board approved unanimously the grant of SDR 9.9 million for the Climate Adaptation and Livelihood Protection Project (CALIP)) for Bangladesh. The Board commended IFAD for mobilising resources from the Adaptation for Smallholder Agriculture Programme (ASAP) to address salient climate change issues and develop sustainable protection measures and livelihood opportunities for the rural poor in a difficult environment such as the Haor region, the designated project in Bangladesh. CALIP will expand the climate adaptation aspects of the base project, the Haor Infrastructure and Livelihood Improvement Project (HILIP).

4. The Board enquired on the progress of IFAD’s measures to reduce fiduciary risks in their country programme, and made specific reference to the issues highlighted in a report of Transparency International (TI) for LGED, which is the implementing agency of CALIP in Bangladesh. IFAD clarified that it has stepped up its measures to ensure prudent financial management in the country programmes, such as the financial management assessment, procurement and external audit reviews. It was felt that the TI report was timely to alert governments and development partners alike on enhancing and aligning their procedures. IFAD welcomed the Board’s
recommendation to work closely with other development partners to address fiduciary issues at a higher institutional or policy levels. IFAD reassured the Board that the direct supervision helps to guide projects in proper implementation and to identify weaknesses. On fiduciary aspects, the Board concluded that IFAD will provide a dedicated section in the first supervision report on how the issues, as flagged by TI, have been addressed. The supervision report would be published to IFAD members as per standard practice.

5. Moreover, the Board was satisfied with the replies to some specific, technical queries with regard to the benefits of proposed livelihood opportunities such as bamboo, seed nursery and non-farm activities. The Board appreciated the additional explanations on the establishment of the weather and flood forecast system. IFAD informed that maintenance costs will be shouldered by government funds and assurances have been obtained during negotiations.

Pakistan: Livestock and Access to Markers Project (EB 2013/109/R.20)

6. The Livestock and Access to Markets Project had been removed from the agenda of the 109th session of the Executive Board to allow more time to the Government of Pakistan to complete the internal approval process for this project. The project will be presented to the next session of the Executive Board in December 2013. It is however to be noted that the Executive Board members expressed their support to the project during the meeting, and already provided comments and requested clarifications. Prior to the meeting, clarifications were requested on the differences between national and IFAD procurement rules and mitigation measures. Clarifications were provided in writing. During the meeting, a comment was made on whether the project focused too much on animal health. It was clarified that although animal health represents an important element of the project approach, the project adopts an integrated livestock development approach, in which different complementary elements of livestock development (i.e. health, breeding, feeding, marketing) are dealt simultaneously. The Board also recommended that soft activities such as planning, trainings, etc. be carried out before the physical investments. It was confirmed that this is the approach that the project will follow.

Pakistan: President’s memorandum: Gwadar-Lasbela Livelihoods Support Project – Amendment to the financing agreement (EB 2013/109/R.21)

7. The Executive Board approved the amendment to the financing agreement for the Gwadar-Lasbela Livelihoods Support Project to consider eligible expenditures related to start-up activities up to a total equivalent of US$ 300,000 incurred after the date of the Executive Board’s approval of the project but before the date of entry in force of the project.

Viet Nam: Sustainable Rural Development for the Poor Project in Ha Tinh and Quang Binh Provinces (SRDP) (EB 2013/109/R.22)

8. The Executive Board approved a loan of SDR 14.9 million and a grant of 0.33 million from IFAD resources and a Spanish Trust Fund Loan of EUR 7.9 million towards the financing of SRDP. In the course of Board deliberations the APR division clarified issues related to targeting of ethnic minorities and project interventions in upland areas.

C. Latin America and the Caribbean

Cuba: Cooperative Rural Development Project in the Oriental Region (EB 2013/109/R.24+Corr.1)

9. The Executive Board discussed an IFAD loan for the amount of SDR 6.85 million on ordinary terms, an IFAD grant in the amount of SDR 0.34 million, and a Spanish Food Security Cofinancing Facility Trust Fund loan of EUR 20.8 million on ordinary
terms to the Republic of Cuba for the financing of the Cooperative Rural Development Project in the Oriental Region (PRODECOR).

10. During the session, Board members from the Kingdom of Netherlands, Kuwait, Italy, Switzerland, Germany, Norway and Canada raised questions concerning the type of non-state agricultural cooperatives that the project will support, the process and pace of modernization of the Cuban agricultural sector, knowledge management actions considered during implementation, estimation of the contribution from the Government of Cuba to the project and the possibility of engaging with other international donors. The Director of the Latin America and the Caribbean Division and the Regional Economist provided comments.

11. It was agreed by the EB that approval of the project would only enter into force on 31 October 2013.