

Document: EB 2015/115/INF.7
Date: 14 October 2015
Distribution: Public
Original: English

E



Summary of project and programme proposals discussed by the Executive Board

Note to Executive Board representatives

Focal points:

Technical questions:

Lisandro Martin
Senior Portfolio Manager
Tel.: +39 06 5459 2388
e-mail: lisandro.martin@ifad.org

Dispatch of documentation:

Alessandra Zusi Bergés
Officer-in-Charge
Governing Bodies Office
Tel.: +39 06 5459 2092
e-mail: gb_office@ifad.org

Executive Board — 115th Session
Rome, 15-16 September 2015

For: Information

Summary of project and programme proposals discussed by the Executive Board

I. Project/programme proposals

1. The following project and programme proposals were approved by the 115th session of the Executive Board, and are in line with the Debt Sustainability Framework (DSF).

A. East and Southern Africa

Burundi: Value Chain Development Programme – Phase II (PRODEFI-II) (EB 2015/115/R.6)

2. The Executive Board approved a grant of SDR 26.1 million under the DSF and a grant of SDR 3.51 million under the Adaptation for Smallholder Agriculture Programme (ASAP) to the Republic of Burundi to finance the Value Chain Development Programme – Phase II (PRODEFI-II). The Executive Board representatives of Japan, the Netherlands and the United Kingdom raised the issue of political instability due to the recent elections and, more specifically, the representative of the United Kingdom asked what risk management strategies were adopted to mitigate insecurity-related risks that may hamper implementation. The representative of the United States supported the programme, although seeking more information about internal control mechanisms to ensure sound financial management. The representative of Liberia, representing List C, strongly supported the proposal, given the high poverty and food insecurity rates in Burundi. Further details were provided of risk management mechanisms (under the decentralization of programme management units through the creation of regional coordination) – acknowledging the ongoing operational and internal control system being developed. The Office of the General Counsel further clarified the situation of no de facto government in Burundi, as there was a proper transition, and it stressed that disbursements can be postponed, suspended or the financing even cancelled if the situation deteriorates. The Board noted that the United Kingdom wished to abstain from the approval of projects in Burundi due to concerns regarding risk management and due diligence linked to the country's political situation.

Burundi: Agricultural Intensification and Value-Enhancing Support Project – additional financing (EB 2015/115/R.7)

3. The Executive Board unanimously approved additional financing in the form of a grant under the DSF of about SDR 14.25 million to the Republic of Burundi for the Agricultural Intensification and Value-Enhancing Support Project.

Madagascar: Project to Support Development in the Menabe and Melaky Regions – Phase II (AD2M-II) (EB 2015/115/R.8)

4. The Executive Board unanimously approved a loan of SDR 24.5 million on highly concessional terms and a grant of SDR 4.2 million under ASAP to the Republic of Madagascar to cofinance the Project to Support Development in the Menabe and Melaky Regions – Phase II (AD2M-II). In approving the project, the Executive Board noted and welcomed the fact that it was well formulated and will further consolidate the achievements and best practices of phase I. The Board requested IFAD to encourage project authorities to strengthen partnerships with other relevant projects, such as those funded by the Japan International Cooperation Agency and Spain. In this context, it encouraged the Government of Madagascar to continue, with the support of IFAD, their usual vigilance in ensuring the effectiveness of national institutions and microfinance services in the country's post-political-crisis context.

United Republic of Tanzania: Bagamoyo Sugar Infrastructure and Sustainable Community Development Programme
(EB 2015/115/R.9/Rev.1)

5. Based on discussions held on the Bagamoyo Sugar Infrastructure and Sustainable Community Development Programme in the United Republic of Tanzania (EB 2015/115/R.9/Rev.1), and noting the concerns raised by several Board members about the proposal, the Chairperson proposed, and the Board provided, conditional approval of the programme to allow IFAD to:
- (a) Proceed with start-up through an implementation-readiness grant amounting to US\$450,000;
 - (b) Strengthen land governance in the Bagamoyo District;
 - (c) Enable preparation of long-term monitoring of the programme by non-state actors; and
 - (d) Facilitate recommended outreach and consultation at the country level with all partners.

No disbursements from the IFAD loan would be made until the Fund was satisfied that all risks had been addressed and all required safeguards were in place, and disbursements would be suspended if the Government failed to adhere to any of the covenants set out in the negotiated financing agreement. In addition, the IFAD country office would maintain contact with development partners and keep them fully updated on progress.

Moreover, to ensure that the Executive Board's views are duly reflected, a revised proposal providing the requested additional information and clarifications would be submitted to the Board for approval at its 116th session in December 2015.

B. Asia and the Pacific

Afghanistan: Support to National Priority Programme 2
(EB 2015/115/R.10)

6. The Executive Board approved a DSF grant of SDR 34.5 million to the Islamic Republic of Afghanistan towards financing of Support to National Priority Programme 2. During Board deliberations, a number of Member States expressed strong support for the programme. Clarifications were provided regarding the selection of the programme area, financial sustainability and harmonization with other development operations in the agriculture sector. Prior to the Board meeting, clarifications were provided in writing to several Board members on queries regarding the programme's technical aspects.

China: Qinghai Liupan Mountain Area Poverty Reduction Project
(EB 2015/115/R.11/Rev.1)

7. The Executive Board approved a loan in the amount of EUR 38.75 million (equivalent to approximately US\$42.48 million) and a grant in an amount equivalent to SDR 0.72 million (equivalent to approximately US\$1 million) to finance the Qinghai Liupan Mountain Area Poverty Reduction Project in the People's Republic of China. Several Board members praised and expressed strong support for the project. In approving it, Board members requested clarifications on: (i) the rationale for including a grant element in the project; and (ii) ensurance of proper implementation capacity at local levels. It was clarified that: (i) the grant is provided to Qinghai Province, which is one of the poorest provinces in China, and is meant to finance selected technical assistance and capacity-building activities to enhance project effectiveness and sustainability – in line with provisions of the IFAD Policy for Grant Financing and the annual strategic guidance note for 2015 grants; and (ii) the project will rely on a well-tested implementation structure, in which responsibility for implementation at local levels is delegated to village implementation groups, whose capacity will be adequately strengthened as part of

the project. Written comments and requests for clarifications were received prior to the meeting on: (i) whether the Qinghai Ethnic and Religious Affairs Committee is involved in implementation of the project; (ii) whether monitoring and evaluation (M&E) data will be disaggregated by ethnic group; (iii) how IFAD ensures compliance with fiduciary requirements; and (iv) how it ensures that national competitive-bidding procurement operations are open to foreign companies. These comments received written responses.

Philippines: Fisheries, Coastal Resources and Livelihood Project
(FishCORAL)
(EB 2015/115/R.12)

8. The Executive Board approved a loan of EUR 27.31 million on ordinary terms to the Republic of the Philippines towards the financing of the Fisheries, Coastal Resources and Livelihood Project (FishCORAL). During Board deliberations, several Member States expressed strong support for the project and commended its approach in targeting the poorest fisher households, including the geographical choice of working the post-conflict area in the southern part of the country. Clarifications were sought by some Board representatives and detailed responses were provided in writing and during deliberations. IFAD thanked the representatives of Canada, Japan, the Republic of Korea, Spain and the United States for their strong support and endorsement of approval of the project.

Philippines: Convergence on Value Chain Enhancement for Rural Growth and Empowerment Project (CONVERGE)
(EB 2015/115/R.13)

9. The Executive Board approved a loan of EUR 22.80 million on ordinary terms to the Republic of the Philippines towards financing of the Convergence on Value Chain Enhancement for Rural Growth and Empowerment Project (CONVERGE). During Board deliberations, several Member States expressed strong support for the project and commended its strong alignment with the Philippine Development Plan 2011-2016 and with the Philippines COSOP (2010-2014). Clarifications were sought by some Executive Board representatives and detailed responses were provided in writing and during deliberations. IFAD thanked the representatives of Canada, Japan, the Republic of Korea, Spain and the United States for their strong support and endorsement of approval of the project.

C. Near East, North Africa and Europe

Uzbekistan: Dairy Value Chains Development Project
(EB 2015/115/R.14/Rev.1)

10. The Executive Board approved a loan of SDR 17 million on blend terms and a grant of SDR 0.5 million to the Republic of Uzbekistan to finance the Dairy Value Chains Development Project. In the course of Board deliberations and in response to comments from representative of Mexico on behalf of List C, arrangements for financial management safeguards were clarified. In response to comments from representatives of Switzerland, the United States and the Bolivarian Republic of Venezuela, it was clarified that the choice of executing agency was based on a wish not to duplicate the already-existing project management unit of the ongoing IFAD project. Moreover, collaboration with partners and other donors in the agriculture sector was considered of crucial importance, and provisions were made in the design for facilitating such collaboration, including with the private sector.