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Summary of project and programme proposals discussed by the Executive Board

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For: Information

Summary of project and programme proposals discussed by the Executive Board

Project/programme proposals

1. The following project and programme proposals were approved by the 116th session of the Executive Board, and are in line with the Debt Sustainability Framework (DSF).

A. West and Central Africa

Benin: Market Gardening Development Support Project
(EB 2015/116/R.14)

2. The Executive Board unanimously approved a loan of SDR 16.85 million on highly concessional terms, a grant of SDR 0.35 million and a grant of SDR 3.22 million under the Adaptation for Smallholder Agriculture Programme (ASAP) to the Republic of Benin to finance the Market Gardening Development Support Project. In approving the project, the Executive Board representative for Liberia, on behalf of List C, and the Executive Board representative for France commended the quality of the project and its innovative aspect. The Executive Board representatives for Liberia and Nigeria welcomed the project strategy to seize the opportunities offered by the markets in neighbouring countries. While acknowledging that the gender strategy was well documented, the Executive Board representative for Canada indicated that measurable indicators should be clearly spelled out during implementation. The Executive Board representative for the United States of America informed the Board about the recent US\$375 million compact¹ signed between Benin and the United States. Of that amount, US\$46 million would be devoted to off-grid electrification in areas targeted by the project. The United States representative was hopeful that the rural electrification exercise would support the work of the project.

Democratic Republic of the Congo: North Kivu Agriculture Sector Support Project (PASA-NK)
(EB 2015/116/R.15/Rev.1)

3. The Executive Board unanimously approved a grant of SDR 12.10 million and a loan of SDR 12.10 million to the Democratic Republic of the Congo for the North Kivu Agriculture Sector Support Project (PASA-NK). The Executive Board representatives for the Netherlands, France and Canada underscored that the project was well suited to the current country context and the strategy of peace-building and stabilization in North Kivu Province. The Executive Board representative for Egypt, on behalf of List C, underlined that the project would make an important contribution to the achievement of sustainable rural development by improving food security and household incomes. The Executive Board representatives for the Netherlands, France, Canada and Nigeria highlighted the need to improve the project's risk mitigation strategy to include scaling-down measures in case of deterioration in the security situation, to address potential resistance from certain stakeholders who might be keen to maintain the status quo and to deal with the issue of illegal taxation. The representative for the Netherlands also stressed that the project activities should enhance the quality of the local agricultural products to make them more competitive with high-quality imports and noted the need for deeper involvement by the private sector in the project. These issues should be an integral part of project implementation, and of capacity- and partnership-building.

¹ Compact projects are funded through the Millennium Challenge Corporation.

B. East and Southern Africa

Malawi: Programme for Rural Irrigation Development
(EB 2015/116/R.16/Rev.1)

4. The Executive Board approved a loan of SDR 19.3 million on highly concessional terms and conditions, a grant under the DSF of SDR 19.4 million and a grant under ASAP of SDR 5.2 million to the Republic of Malawi to finance the Programme for Rural Irrigation Development (PRIDE). The Executive Board representatives of Lists A and C fully supported the programme. In addition, List C provided a joint statement. The Executive Board representatives for Ireland, the Netherlands and the United Kingdom enquired as to the focus on the northern and southern clusters for irrigation development; the use of pump irrigation, nutrition mainstreaming and implementation arrangements; the emphasis on water efficiency rather than on production increase only; and the sustainability of water users' associations. IFAD clarified that the focus on the irrigation clusters in the north and south of the country was derived from the Malawi Irrigation Master Plan and Investment Framework and responded to additional criteria such as efficient coordination of programme implementation. Almost all the schemes would be gravity-based irrigation systems, given the rather negative experiences with pump systems. Nutrition was mainstreamed in the value chain approach of PRIDE through measures such as the selection of crops for both their nutritional and their economic value. A dedicated programme coordination office would be established, with highly qualified staff selected from both the Department of Irrigation and the general job market to ensure coordination through Malawi's decentralized system water users' associations. IFAD and the Government agreed that this arrangement was preferable to implementation through an agriculture sector-wide approach (ASWAP) because of the poor results achieved in the recent past. The programme's logical framework would include an indicator on water efficiency as suggested. It was expected that the water users' associations would also be sustainable as they were based on customary structures, and policy support and economic incentives had been provided through the value chain approach of the PRIDE.

Mozambique: Rural Markets Promotion Programme (PROMER)
(EB 2015/116/R.17)

5. The Executive Board approved additional financing to the Republic of Mozambique in the form of a loan of SDR 8.94 million on highly concessional terms and a DSF grant of SDR 8.94 million to finance the Rural Markets Promotion Programme (PROMER) over a period of four years. In approving the programme, the Board noted the added value of this financing to the development agenda of the Government; the strong linkages that the programme would forge between farmers and markets; the focus on institutional capacity-building; and the need to draw lessons from earlier phases of the same programme with regard to farmer organizations. The Board also encouraged the IFAD Country Office in Mozambique to explore further cofinancing with other development partners in the country to take advantage of the growing openness on the part of the Government to broader cooperation with development partners.

United Republic of Tanzania: Bagamoyo Sugar Infrastructure and Sustainable Community Development Programme
(EB 2015/116/R.18/Rev.1)

6. The Executive Board unanimously approved a loan of SDR 40.35 million on highly concessional terms and conditions and a grant of SDR 7.12 million under ASAP in support of the Bagamoyo Sugar Infrastructure and Sustainable Community Development Programme for the United Republic of Tanzania. In approving the programme, the Executive Board highlighted three key areas of concern in need of close follow-up by the Government and IFAD. First, the Board requested that efforts be made to quickly identify suitable equity investors to finance the private investments linked to the sugarcane development component of the programme.

Failure to do so could trigger the need for a major redesign of component 1 as currently approved, which, in line with IFAD's internal procedures for such situations, might require the submission of a revised proposal for the consideration of the Executive Board at a later date. Second, on the issue of obtaining secure land tenure for the smallholders, the Board requested that efforts be made to ensure involvement of organizations specialized in land issues, such as the International Land Coalition and its member organizations, in delivering suitable land use plans and certifications for the outgrowers. Third, while representatives raised concerns about the higher than usual cost of the programme per direct beneficiary, they accepted that this was justifiable given the large volume of public goods that would be generated under the programme, which would benefit the entire district of Bagamoyo.

C. Asia and the Pacific

Indonesia: Integrated Participatory Development and Management of the Irrigation Sector Project
(EB 2015/116/R.19/Rev.1)

7. The Executive Board unanimously approved a loan of EUR 93.15 million on ordinary terms and a grant of EUR 1.41 million to the Republic of Indonesia to cofinance the Integrated Participatory Development and Management of Irrigation Project. In approving the project, the Executive Board welcomed the fact that the design was well aligned with national priorities and development targets. The representative for the Republic of Korea, on behalf of List C, expressed approval of the project's alignment with the long- and medium-term national development plan. The Netherlands requested clarification on IFAD's value added to the project and on the value chain component, and encouraged IFAD to take into consideration the absorption capacity of the participating ministries. It was clarified that IFAD's role in Indonesia as a middle-income country was changing: IFAD had been requested to design an investment that benefited farmers; offered innovative solutions that could be scaled up; and supported the development of new policies, institutional arrangements and programmes at the national level. In response, the design integrated a focus on agricultural development and farmers' livelihoods into irrigation rehabilitation activities and placed farmers at the centre of the project. Through value chain development activities, the project would enhance income diversification for farmers' livelihoods and strengthen partnership with the private sector. It would follow a menu-based programmatic approach, and provide a robust framework for government expenditure plans, thus enabling more effective and efficient coordination of public investment in irrigated agriculture.

Pakistan: Southern Punjab Poverty Alleviation Project
(EB 2015/116/R.40)

8. The Executive Board unanimously approved additional financing of SDR 7.29 million to the Islamic Republic of Pakistan towards the financing of the Southern Punjab Poverty Alleviation Project. During Board deliberations, a number of Member States expressed support for the project. The representative for the Republic of Korea delivered a statement on behalf of List C in support of the proposed additional financing.

Sri Lanka: Smallholder Tea and Rubber Revitalization Project
(EB 2015/116/R.20/Rev.1)

9. The Executive Board unanimously approved a loan of SDR 18.45 million to the Democratic Socialist Republic of Sri Lanka towards financing of the Smallholder Tea and Rubber Revitalization Project. On behalf of List C, the Executive Board representative for Kenya expressed support for the project. Clarifications were provided on the following points: (i) the rubber plantations would not cover any protected areas and a full environmental and climate assessment had been conducted as per IFAD guidelines during design; and (ii) the project would not only support tea and rubber production but would also facilitate links between tea and

rubber societies and the private sector and strengthen the capacity of farmers organizations to negotiate for better prices. Prior to the Board meeting, clarifications had been provided in writing to the Executive Board representative for the United States on queries regarding the income level of the targeted beneficiaries and the poverty line in Sri Lanka.

D. Latin America and the Caribbean

Argentina: Programme for Economic Insertion of Family Producers of Northern Argentina (PROCANOR)
(EB 2015/116/R.41/Rev.1)

10. The Executive Board unanimously approved a loan of EUR 22,850,000 and a grant of EUR 310,000 to the Republic of Argentina for the Programme for Economic Insertion of Family Producers of Northern Argentina (PROCANOR). The Executive Board representative for Mexico, on behalf of List C, strongly supported the proposal, emphasizing its alignment with national policies and the sound poverty reduction work being undertaken in partnership with IFAD. The Executive Board representative for Mexico pointed out that although the grant was small, it was expected to generate significant benefits. The Executive Board representative for Italy enquired about the adequacy of the funding in light of the country's foreign exchange policies, and requested confirmation of the country's eligibility for the grant. In response, the country programme manager explained that Argentina's new foreign exchange policies were likely to increase the local prices, which would in principle be positive for local producers, and that the programme funding would be provided in foreign currency and thus would be unaffected by possible local devaluations. The country programme manager also confirmed that the grant met IFAD's grant eligibility criteria and that it would not replace administrative costs as it financed value chain studies and knowledge management activities. Finally, the Executive Board representative for Argentina conveyed his Government's full appreciation for the programme and IFAD's work in the country.