Summary of Project and Programme Proposals Discussed by the Executive Board

Note to Executive Board representatives

Technical questions:

Ya Tian
Programme Manager
Operational Policy and Results Division
Tel.: +39 06 5459 2062
e-mail: y.tian@ifad.org

Focal points:

Alessandra Zusi Bergés
Senior Governing Bodies Officer
Governing Bodies
Tel.: +39 06 5459 2092
e-mail: gb@ifad.org

Dispatch of documentation:

Executive Board — 123rd Session
Rome, 16-17 April 2018

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 at the 123rd session of the Executive Board and are in line with the Debt Sustainability Framework (DSF).

A. West and Central Africa

Guinea: Family Farming, Resilience and Markets Project in Upper and Middle Guinea (EB 2018/123/R.10 + Sup.1)

2. The Executive Board unanimously approved a loan of US$15.45 million on highly concessional terms and a grant of US$15.45 million under the DSF to the Republic of Guinea for the Family Farming, Resilience and Markets Project in Upper and Middle Guinea. The Executive Board welcomed the project’s approach and the focus on strengthening value chains. The Board noted that some of the project interventions would be implemented in sites protected by the Convention on Wetlands (Ramsar Convention) and appreciated the fact that this would promote the environmental sustainability of these areas. The representative for the United Kingdom questioned the project’s environmental risk rating as category B, considering that the project area included three protected Ramsar sites. Prior to the session, written clarification had been provided by IFAD about its plans to undertake an environment and social impact assessment and to develop an environmental and social management plan. The Board appreciated that these documents would be ready before implementation but regretted that they had not been made available prior to the Board session.

Mali: Inclusive Finance in Agricultural Value Chain Project (EB 2018/123/R.11 + Add.1 + Sup.1)

3. The Executive Board unanimously approved a loan of SDR 15.75 million on highly concessional terms and a grant of SDR 15.75 million under the DSF to the Republic of Mali for the Inclusive Finance in Agricultural Value Chain Project to support the financial inclusion of smallholders and small and medium-sized agrifood enterprises in Mali. The Board appreciated the project’s general soundness and consistent alignment with the Government’s priorities, its focus on inclusive finance and its contribution to the rural transformation agenda. The Board also welcomed the fact that the project was informed by lessons learned from a previous IFAD-supported project in Mali (the Rural Microfinance Programme). The representative for Denmark underlined the excellent collaboration between IFAD and the Danish International Development Agency in Mali and confirmed cofinancing from Denmark of US$22 million. The representative for Switzerland commended the project’s excellent design, which demonstrated a thorough knowledge of the country context and welcomed the component on financial education and the involvement of regional councils. The representative for the United States recalled the security situation in Mali and recommended that project implementation would start up when the security situation was stable.

Senegal: Support to Agricultural Development and Rural Entrepreneurship Programme – Phase II (EB 2018/123/R.12 + Add.1 + Sup.1)

4. The Executive Board unanimously approved a loan of EUR 40.5 million on highly concessional terms and a grant of EUR 0.4 million to the Republic of Senegal for the Support to Agricultural Development and Rural Entrepreneurship Programme – Phase II. The representative for the Dominican Republic, on behalf of List C, strongly supported the programme, its focus on climate adaptation and its clear
alignment with the Government’s development and sectoral policies and strategies. The Board representatives commended the strong targeting of women and youth, the emphasis on sustainability and resilience in the most vulnerable areas, support for food security through enhanced productivity and improved agricultural practices, and the focus on financial inclusion and access to markets. The Board, in particular the representative for Spain, appreciated the fact that the programme was a second phase that built on the lessons of a successful first phase. The representative for Italy complimented the country team for the relevance of the programme and recommended close coordination with the Italian Agency for Development Cooperation in the Kolda region during implementation and particular attention to coordination between the two line ministries: the Ministry of Agriculture and Rural Infrastructure, and the Ministry of Livestock and Animal Production. The representative for Canada suggested that the programme rationale give greater emphasis to the importance of targeting women and youth in ensuring sustainability. Land tenure issues should also be closely monitored during implementation as this was an identified area of risk for the programme.

B. East and Southern Africa

Mozambique: Rural Enterprise Finance Project (EB 2018/123/R.8 + Add.1 + Sup.1)

5. The Executive Board unanimously approved a grant of US$62.14 million under the DSF to the Republic of Mozambique for the Rural Enterprise Finance Project. In approving the project, the Board noted the recent International Monetary Fund assessment revising Mozambique’s debt distress status from "moderate" to "in debt distress" and thus revised the current lending terms applicable to Mozambique by extending financing in the form of 100 per cent DSF grant of US$62.14 million for the project. The negotiated text of the financing agreement between IFAD and Mozambique would be revised accordingly. The revised terms would also apply to the new projects currently under design. The Board noted the need to closely monitor the performance of both the project and the economy in Mozambique to ensure timely feedback to Management and the Board for decision-making.


6. The Executive Board approved a loan of US$75.82 million on highly concessional terms and a grant of US$1.21 million to the Republic of Uganda for the National Oil Palm Project. In approving the project, List B and C made joint statements in favour of the project, highlighting its expected positive impact and the strategies and measures put in place by IFAD and the Government of Uganda to mitigate possible risks. Individual statements in support of the project were made by representatives for Angola, Brazil, Cameroon, Canada, China, Finland, France, Germany, Greece, India, Indonesia, Italy, Kenya, Kuwait, Netherlands, Nigeria, United Kingdom and Venezuela (Bolivarian Republic of). Representatives for Denmark, Spain, Sweden and United States announced that they would abstain due to the remaining concerns about environmental and social safeguards. Overall, the Board acknowledged the risks involved and the quality of the safeguards envisaged, and stressed the importance of close monitoring and supervision of such safeguards during project implementation. Member States commended IFAD Management and staff for their extensive efforts to respond to the concerns raised prior to the Board session and to adjust the project design accordingly. In conclusion, the project was approved by the Executive Board, and the abstentions of Board representatives for Denmark, Spain, Sweden and United States and the comments conveyed on behalf of Austria by Italy were noted and will be recorded in the minutes of the session.
C. **Asia and the Pacific**

**Bangladesh: Smallholder Agricultural Competitiveness Project (EB 2018/123/R.13)**

7. The Executive Board unanimously approved a loan of US$64.5 million on highly concessional terms and a grant of US$2 million to the People’s Republic of Bangladesh towards the financing of the Smallholder Agricultural Competitiveness Project. In approving the project, representatives for Canada, France, Indonesia, Kenya (on behalf of List C), Netherlands, Switzerland and United Kingdom highlighted the importance of: (i) market access for smallholder farmers and the need to provide appropriate linkages with the private sector to enable producers to benefit from better production contracts and marketing modalities; and (ii) mitigation of climate change risks through specific activities and participation in other projects being implemented in Bangladesh by partner agencies.

**China: Sustaining Poverty Reduction through Agribusiness Development in South Shaanxi Project (EB 2018/123/R.15 + Add.1 + Sup.1)**

8. The Executive Board approved a loan of US$72.0 million on ordinary terms to finance the Sustaining Poverty Reduction through Agribusiness Development in South Shaanxi Project to the People's Republic of China. List C delivered a joint statement praising and supporting the project. The Board made no comments or requests for clarification during the session. Written requests for clarification had been received prior to the session on: (i) the definition of nationally registered poor in China and on the national and provincial poverty lines; (ii) the proposed partnerships with Alibaba Group and other private entities; (iii) the construction of roads and bridges to be financed through the project, and whether these would entail any involuntary resettlement; and (iv) the financing of taxes. Written responses were provided to the comments.

**Philippines: Rural Agroenterprise Partnerships for Inclusive Development and Growth Project (EB 2018/123/R.16 + Sup.1)**

9. The Executive Board unanimously approved a loan of US$62.9 million on ordinary terms and a grant of US$2.5 million to the Republic of the Philippines to finance the Rural Agroenterprise Partnerships for Inclusive Development and Growth Project. The Board expressed appreciation for the project's alignment with the Philippine Development Plan 2017-2022, its market-driven linkages to connect agroenterprises and small-scale farmers, and its instruments to mitigate environmental and climate change risks.

D. **Near East, North Africa and Europe**


10. The Executive Board unanimously approved a grant of US$4.56 million from the IFAD Fund for Gaza and the West Bank (FGWB) and a grant of US$1 million from FGBW from resources contributed by OPEC Fund for International Development (OFID) to the Palestinian Authority for the Resilient Land and Resource Management Project (RELAP). The Executive Board commended the quality of the design and appreciated the project’s relevance to the West Bank’s context, particularly given the increased fragility of the agricultural sector and the restrictions faced by Palestinian farmers in terms of access to water. The Executive Board representatives for Canada and Switzerland questioned whether the targets in terms of market access were realistic given the market constraints in the West Bank and the mistrust of cooperatives. In response, the country team explained that: (i) RELAP intends to address market access issues at the local level and not at the export level where constraints are indeed more severe; (ii) RELAP will not directly promote the creation of new cooperatives – which is already the focus of
several specific market access and marketing support programmes – but will work with both existing cooperatives and individual farmers. Regarding specific support to women and youth, and to respond to the question from the Executive Board representative for Canada, the country team explained that: (a) RELAP will support the development of microenterprises led by landless women and youth that can harness market opportunities by means of a microenterprise facility delivering entrepreneurship investment grants and tailored technical assistance; and (b) RELAP will also provide its target groups, including women and the youth willing to work on farms, with tailored legal and technical support to claim succession or inheritance rights. The Board also appreciated the project’s proposed collaboration with local NGOs and reiterated the importance of facilitating linkages between microfinance institutions and smallholder farmers and microentrepreneurs, and of contributing to local institutional capacity-building.