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Investing in rural people

## **Country strategic opportunities programmes**

### **Management's response to Member States comments**

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**For: Information**

## Country strategic opportunities programmes - Management's response to Member States comments

1. In the face of the COVID-19 pandemic, revised modalities have been implemented for conducting formal and informal meetings of IFAD's governing bodies, in close consultation with the List Convenors.
2. In this context, the Executive Board consultation on country strategic opportunities programmes (COSOPs) and related country strategy and programme evaluations (CSPEs), originally scheduled for 30 March 2020, was not held. Instead, representatives were invited to share their comments on those documents through the commenting feature on the Member States Interactive Platform, to which Management would provide written responses, after which the COSOPs and related CSPEs would be considered to have been reviewed by the Board.
3. Accordingly, the present document contains all the comments received from Board representatives by the 24 April deadline, along with Management's responses thereto.

### I. Eritrea COSOP

4. Questions were received from France, Germany and Switzerland, while comments were received from China, Japan and the United States. All questions and comments are shown below, as are responses to the questions.

#### A. Germany

5. **How does IFAD assess the sustainability of its activities considering that the agricultural policy of the Eritrean government is not very development oriented? How does IFAD assess the interest and capacity of the Eritrean government to incorporate the IFAD approaches into its national strategies and to disseminate them across the country?**

#### B. Switzerland

6. **Political changes and enabling factors. In reference to the statement, "*The situation normalized with the signing of the peace agreement between Eritrea and Ethiopia in July 2018 and the lifting of sanctions, by the United Nations Security Council in November 2018. Since then, Eritrea has been gradually moving towards development and resilience-building, ...*", we have gained the impression that in effect, this has not produced many material changes within the country. A good number of implementation partners who would have been ready to implement programmes have withdrawn due to the difficulties to attain any operational traction. Materially, what are the enabling changes for IFAD?**

#### Response

7. IFAD's own assessment is that the Government is very gradually taking steps forward to put in place more development-oriented agricultural policies and strategies. For 2019, Eritrea ranked 189<sup>th</sup> on the ease of doing business index, which is a small improvement from its 2018 ranking, which was 190. In 2019, the International Monetary Fund carried out an Article IV mission, although the Eritrean Government did not authorize publication of the staff report or the related press release.<sup>1</sup>
8. Enabling changes for IFAD include the development of a new policy framework to support the commercialization of agriculture: the Small and Medium Commercial Farmers Strategy (SMCFS). A few developments in IFAD's portfolio point towards a gradual shift in the Government's position on development. For example:

<sup>1</sup> <https://www.imf.org/en/News/Articles/2019/05/22/pr19179-eritrea-imf-staff-completes-2019-article-iv-mission>

- All IFAD projects are **fully integrated into existing government structures**, with tailor-made capacity-building support, which will ensure that the relevant implementing ministries will eventually have strong capacities to implement and manage projects, in line with international best practices for procurement, financial management, and administration. The Government has agreed to the procurement of integrated monitoring and financial management software, which will increase the efficiency and effectiveness of projects.
  - Under the new design of the Integrated Agriculture Development Programme (IADP), the Government has agreed to pilot different models of the national input subsidy scheme, the Minimum Integrated Household Agricultural Package. Through IADP, the Government has agreed to integrate (i) capacity and needs assessments; (ii) livelihoods; and (iii) agroecological characteristics. This is a very big step forward towards building in the concept of smart subsidy schemes. This new programme is scheduled for presentation to the Executive Board in December 2020.
  - The Government is looking forward to a new engagement with IFAD as part of a EUR 5 million grant from the European Union to support the piloting of a microcredit facility through the Savings and Microcredit Programme (SMCP) under the Ministry of National Development. If approved, SMCP will be strengthened to facilitate access to credit for rural agricultural households, particularly poor and vulnerable groups, such as women and youths. This will be an important step towards gradually reforming the input subsidy scheme and ensuring that smallholder farmers are engaged in profitable and viable agribusiness enterprises.
  - The Government has fully endorsed strategic objective 3 of the COSOP. A capacity needs assessment will precede all capacity enhancement interventions to be supported by the various projects and will be integrated into the ongoing Fisheries Resources Management Programme at midterm review.
9. As one of the few United Nations agencies that has remained active in the country, even during the period when many other development partners had ceased relations with Eritrea, IFAD has consistently enjoyed positive engagement with the Government of Eritrea. For much of the time that IFAD has been engaged in Eritrea, the country has faced numerous challenges, including high unemployment, periodic droughts, United Nations sanctions and overall weak macroeconomic conditions, the border war with Ethiopia during the period 1998–2000 and the resultant “no-war, no-peace” situation.
10. IFAD adapted to this context and adopted a flexible approach to working with the Government. The limited resources provided by IFAD were stretched in an attempt to address the various challenges facing the agriculture sector. This approach placed emphasis on resilience and on ensuring food and nutrition security for rural Eritreans. In terms of sustainability, IFAD’s portfolio has contributed towards re-establishing the building blocks for the development of the agriculture sector, especially institutional building blocks: (i) strengthening the Agriculture Extension Department (capacities, monitoring systems) for agro-input distribution; (ii) strengthening the capacity of the National Agriculture Research Institute for production and dissemination of foundation seeds and artificial insemination technology; and (iii) establishing water infrastructure to address water scarcity and the challenge it poses to increasing production and enhancing livelihoods. The new COSOP will build on these investments and focus attention on ensuring viable and inclusive rural livelihoods for the rural population, with due attention to IFAD’s mainstreaming themes – gender, youth, climate change and nutrition.

## C. Germany

### 11. **How does IFAD make sure and monitor that no forced labour is occurring within its engagement in Eritrea? How does IFAD ensure decent working conditions?**

#### **Response**

12. The issue of forced labour remains sensitive. IFAD notes that there has been dialogue between the Government and the International Labour Organization (ILO) on issues related to forced labour and decent working conditions, in which potential areas for ILO technical assistance were identified, including training on labour market reform following the demobilization of the population, employment creation, income-generating activities and skills training, especially for the younger population. It is also noted that Eritrea has ratified the Worst Forms of Child Labour Convention, 1999 (No. 182), which is a positive step forward. The Warsai Yakaalo Development Campaign is no longer in force, and a number of conscripts have been demobilized and are now working in the civil service with an adequate salary.
13. During the COSOP period, the following measures will be undertaken:
- (a) All projects will comply with the international conventions to which the country is a signatory, and Social, Environmental and Climate Assessment Procedures (SECAP) will guide the implementation of projects in a manner that is socially and environmentally responsible. Relevant issues will be monitored during supervision missions through the environment and social management plan, which includes mitigation measures and a compliance monitoring framework.
  - (b) A youth engagement action plan will be prepared as a mitigation strategy to ensure that young people gain employment and derive livelihoods through on-farm activities and off-farm microenterprises.
  - (c) Continuous dialogue will be conducted with the Government on this matter, in consultation with ILO and within the framework of the United Nations country team. Dialogue will also be conducted with the National Union of Eritrean Youth and Students.
14. IFAD will also engage in dialogue with the Government with a view to potentially including a social inclusion expert in project coordination units. IFAD's interventions will focus on mitigation through employment creation for young people. The upcoming investment programme, IADP, will have a strong focus on jobs for young people.
15. **How does IFAD make sure that international best practice in agricultural policy is promoted via its programmes, such as access to land certificates, to financing and to technical advice for smallholder farmers as well as access to fair marketing structures?**

#### **Response**

16. A comprehensive land reform policy document ensures that all citizens have appropriate access to land.<sup>2</sup> Under this policy: (i) all land is exclusively owned by the state; and (ii) all citizens have the right to obtain land for housing or farming activities. The policy repealed all traditional land tenure systems and disallows market transactions based on private ownership. IFAD will pursue dialogue with the Government within the overall context of enabling conditions for smallholder commercialization. IFAD will use the Government's recently approved SMCFS as an entry point for dialogue on land tenure security as a key determinant in the development of viable and profitable smallholder farming enterprises.

<sup>2</sup> Eritrean Land Proclamation No. 58/1994.

17. With regard to access to markets, previous IFAD interventions have supported the development of cooperatives, in particular dairy collection centres and fisheries. This approach has worked quite well as a means for cooperative members to gain access to inputs and markets. However, cooperatives have often had problems linking with consumer demand and have lacked organizational and managerial capacities. In alignment with the SMCFS, the Integrated Agriculture Development Programme, currently under design, will introduce market assessments and ensure that investments are underpinned by business plans. There are, however, contextual issues (prices, crowding out of the private sector) on which IFAD, together with other development partners, will continuously engage with the Government to ensure the viability and profitability of interventions by smallholder farmers.
18. IFAD is also looking forward to collaborating with the European Union as part of a EUR 5 million grant to support the piloting of a microcredit facility through the SMCP under the Ministry of National Development. If approved, SMCP will be strengthened to facilitate access to credit for the rural agricultural households.

#### **D. France**

19. **France supports IFAD's strategy to strengthen Eritrea's agricultural resilience to climate change, increase productivity and build institutional capacity. We have one question related to risk management. The risks matrix indicates a high level of risk tight to the COSOP. How will IFAD ensure risks are properly managed given IFAD is not present in-country (management from the Addis Ababa's sub-regional bureau) and the challenges linked to the national counterparts' technical, administrative and financial capacities?**

#### **E. Switzerland**

20. **Operational oversight. In reference to the statement, "*IFAD's core national partners are the Ministry of Finance and the two lead ministries for project implementation, namely MoA and MMR. Other essential partners are Ministry of Land, Water and Environment, the National Union of Eritrean Women and the National Union of Eritrean Youth and Students.*", we would like to know more about how IFAD plans to work with governmental and non-governmental partners, particularly without a physical presence within the country that would permit better operational oversight and how finances will be managed in a transparent way.**

#### **Response**

21. Given that IFAD is not present in country, its strategy for managing risk and engaging with partners has been based on the following:
- Moving the management of the Eritrea portfolio from the Nairobi hub to Addis Ababa, due to its proximity and the significant potential to leverage both the emerging geopolitical dynamics between Ethiopia and Eritrea and the portfolio complementarities with Ethiopia, particularly with regard to pastoralism and water use efficiency.
  - Using national consultants for continuous follow-up with the relevant ministries and regular dialogue with project implementation units.
  - Drawing on IFAD's technical experts at the Nairobi hub for support on technical and financial matters.
  - Ensuring an operational framework that enables IFAD to have substantial oversight of the bulk of activities, based on: (i) the use of IFAD procurement guidelines, with IFAD's "no objection" required for the various stages in the procurement process, and strengthening of transparency in international procurement through support for the Government in posting procurement

notices on the United Nations Development Business website; (ii) direct payments by IFAD for all transactions above US\$100,000; (iii) quarterly submission of interim financial reports; (iv) the use of a robust framework for processing withdrawal applications, including the review of statements of expenditures, which must be validated by evidence before IFAD can certify and approve withdrawal of funds; and (v) an annual review of financial statements conducted by IFAD; projects are also subject to an annual external audit, conducted by an independent audit firm.

- Provision of technical assistance to support procurement processes and preparation of technical specifications, combined with capacity-building activities.
- Regular supervision missions conducted by technical experts and specialists in financial management, procurement, monitoring and evaluation (M&E), and other areas, who apply IFAD's operational guidelines for supervision, which include sampling documents and field visits for validation. For each project, there is at least one supervision mission per year, with periodic implementation support and provision of remote and in-person technical assistance. Under the current COVID-19 emergency, IFAD will pilot remote supervision arrangements.

22. **Implementation delays. In reference to the statement, "*The COSOP 2006–2015 for Eritrea focused on support for the transition from reconstruction to structured development. After 2015, IFAD prepared a 24-month country strategy note for the period 2016–2018, which was subsequently extended to December 2019*", and mindful that IFAD has been operating in a difficult institutional environment, what kind of delays has programming experienced during implementation over the last years?**

**Response**

23. The most significant delay has been in the management of procurement processes, including designing technical specifications, preparing tendering documents and obtaining internal (national) approvals at the various stages leading up to final signature of the contracts. This has been due to a confluence of factors, including limited capacities, inadequate systems and the overall macroeconomic context (in particular, absence of service providers in country and inability to attract significant interest from international service providers). To mitigate these delays, IFAD has worked with the Government of Eritrea on a turnaround strategy premised on (i) capacity-building and training of the relevant staff in the implementing ministries, combined with (ii) the provision of specialized technical assistance to support the development of technical specifications and the preparation of tender documents; (iii) innovative procurement modalities such as clustering to mitigate potential delays; and (iv) IFAD direct support for the use of procurement websites to increase the pool of bidders.

**F. China**

24. **China would like to support this Country Strategic opportunities programme proposed in the State of Eritrea. We would welcome, in particular, IFAD's strategy to build institutional, community and individual capacities to enhance food and nutrition security and sustainable livelihoods. The activities IFAD intends to implement would benefit the people of Eritrea significantly.**
25. **We commend the joint efforts made by teams both in the hub and HQ to integrate SSTC as one of the main themes of this COSOP. It has been widely recognized that south-south and triangular cooperation has been playing an important role in the international development community. It has also been notified as an essential part of the SDGs since "BAPA + 40"**

meeting in Buenos Aires in March this year. Additionally, SSTC would provide extra opportunities for co-financing to expand IFAD's impact and strengthen its comparative advantage in Eritrea.

26. We wish every success in the future work of IFAD in Eritrea. China supports the EB to approve this COSOP.

## **G. Japan**

27. Japan supports this new COSOP for Eritrea. We welcome the three strategic objectives, which are aligned with Eritrea's national policy and strategy. These strategic objectives will also contribute to our focusing area of building stable society and steady economic development through improvement of basic livelihood environment. Japan values its particular focus on job creation for youth, women and demobilized soldiers, which is obviously vital for sustainable stability in the region.
28. Japan recognizes that the COSOP design and implementation plan builds on lessons learned not only its own experience in the country but also experiences in other countries. We commend that the COSOP put emphasis on capacity building not only skills necessary for project management, implementation and M&E but also for long-term training scoping research area for youth. We thank IFAD that it provides procurement guidelines and other documents to mitigate fiduciary risks, which is high and should be mitigated.
29. Lastly, Japan commends a participatory process taken for COSOP preparation in consultation with a variety of key stakeholders and in particular good in country collaboration with FAO highlighted in Appendix VI.

## **H. United States**

30. We welcome Eritrea's re-engagement with the international community over the past two years and agree that the current period provides an opportunity for Eritrea to continue to update its economic and social development strategies. The COSOP comes at an important time, as the recent locust outbreaks and COVID-19 threaten to exacerbate food insecurity in Eritrea and across East Africa more broadly. We appreciate that the COSOP clearly details the strategic objectives that IFAD will pursue through its proposed future work in Eritrea.
31. However, the U.S State Department has determined that the Government of Eritrea does not comply with the minimum standards for the elimination of trafficking in persons and is not making significant efforts to bring itself into compliance.
32. In light of our policies for certain development projects in countries that do not comply with such minimum standards on trafficking in persons, the United States will vote no on IFAD projects for the Government of Eritrea that may come to the Board.

## **II. Mexico COSOP**

33. Comments on the Mexico COSOP were received from Argentina, Brazil, Canada, China and Japan.

### **A. Argentina**

34. Argentina welcomes the COSOP on Mexico,, which has been built upon the long experience of IFAD in the country. In this respect, we are convinced that IFAD's operations in countries like Mexico, facing the paradox of Upper Middle Income Countries (UMICs) – in which still exist important poverty pockets – should be maintained and strengthened.

35. **Argentina support the three Strategic Objectives and the aim of the new strategy at seeking to support Mexico's capabilities to be an effective South-South and Triangular Cooperation actor in the framework of the Comprehensive Development Plan for Southern Mexico and Central America (PDI), and to link SSTC to sub-regional policy dialogue, in coordination with other development partners. The latter shows us the multiplier effect of IFAD's support in UMICs.**
36. **Argentina acknowledges that IFAD's engagement will be aligned with the National Development Plan (PND) 2019-2014 and the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020-2025, as well as with the country's long-term development goals and in full alignment with the government.**
37. **With this comments, Argentina support the COSOP on Mexico and appreciates the work of IFAD and the Latin American and Caribbean Division in the country.**

## **B. Brazil**

38. **Brazil commends the administration for the COSOP on Mexico, which addresses substantially and comprehensively the issues to be tackled by the country with the support of IFAD in its mission to fight rural hunger.**
39. **Mexico is an example of the paradox faced by several upper-middle-income countries. Despite its high human development index, the country still displays pockets of poverty scattered, in its majority, throughout the country's southern and south-eastern regions, as well as substantial development shortcomings with respect to gender, youth and ethnicity issues. Poverty and extreme poverty affected 41.9 per cent (52.4 million) and 7.4 per cent (9.3 million) of the population in 2018, respectively. With this in mind, Brazil is confident that IFAD can and will perform an important role in supporting the country to put in place an effective planning.**
40. **We highlight below some positive aspects of the COSOP under assessment:**
41. **IFAD will seek to strengthen the impact and sustainability of the results of national programs prioritized by the Government. The challenge for IFAD in Mexico is, therefore, to effectively complement the country's efforts to reduce poverty and inequality, seeking to offer innovative solutions that can support the government in its initiatives to improve the quality, efficiency and targeting of public spending in rural areas. There is an important premise that government programs that focus primarily on social protection can be supported to facilitate pathways for the transition from social protection to the economic inclusion of youth, women and indigenous peoples. This type of action helps to improve the sustainability of projects and the gains generated over the time, as well as the rationalization and the best use of available resources.**
42. **Emphasis has been placed on the creation of a broad range of new pro-poor programmes oriented to rural communities to promote greater self-sufficiency in food production.**
43. **Linking the South-South and Triangular Cooperation to the subregional political dialogue on Central America is also an innovative feature of the COSOP, which is expected to produce benefits that transcend Mexico's strategy and generate synergies with IFAD's portfolios in those other countries. The lack of synergy and cooperation in the region is discussed not only in IFAD but in other Multilateral Development Institutions.**



44. **The COSOP is placed in the context of the Transition Framework, the ongoing IFAD 2.0 reforms and IFAD 12, and the new perspectives related to directing resources and efforts for technical assistance and better choice of projects, as well as to the search for other financing alternatives through partnerships with other development institutions and the private sector.**
45. **Higher level of domestic and international co-financing with an emphasis on climate finance (GEF, GCF, AF), along with the use of public resources, are likely to leverage responsible private investment in rural areas = therefore could be deemed as important components of the new strategy. The COSOP will also seek to develop the opportunities offered by IFAD's new Private Sector Engagement Strategy (PSS) and Private Sector Financing Programme (PSFP) via guarantees mechanisms for financial intermediaries and leveraging remittances. Mexico has a broad range of farmers' organizations operating in strategic food value chains and agroforestry activities, that depend on government subsidies, which are usually not suitable for business development needs and are increasingly scarce.**
46. **IFAD is also more focused on promoting good governance and accountability, actively engaging the Government and the beneficiaries of the program, increasing the ownership and consequently improving results.**

### **C. Canada**

47. **We thank IFAD for including the programming focus on Indigenous People and climate change as important pillars of their development efforts;**
48. **We note the importance of alignment and engagement of the country governments, and we are encouraged by IFAD's willingness to adapt its program's design to support existing government initiatives, including through technical assistance.**

### **D. China**

49. **We fully agree with the three strategic objectives designed in the COSOP documents and the differentiated country programmatic model for Mexico to create synergies between IFAD's financial and technical products, because we think they are tailored to solve structural barriers to inclusive rural growth that Mexico is facing and the imbalance problem in its economic and social development. In Mexico, only one quarter of Mexicans live in rural areas, approximately two thirds of them are extremely poor; Average growth rates in Mexico hide significant disparities in regional income and growth; Although agriculture employs 14 per cent of Mexico's working population, it contributes less than 4 per cent to domestic GDP; Mexico's 242 most vulnerable municipalities, 89.67 per cent of it present high climate vulnerability and 10.33 per cent present very high climate vulnerability. All of these facts are indicating that even in this upper-middle-income country, there are still vulnerability factors hard to overcome, and very well might getting more serious especially in the current background of the global pandemic and economic recession. We believe IFAD will play an important role in addressing above issue with its comparative advantage lies in building the capacity, productivity and market participation of rural people using approaches and instruments that encourage the Government to support the economic inclusion of the rural poor, particularly women, youth and indigenous peoples. And we noted that the COSOP will also seek to develop the opportunities offered by IFAD's new Private Sector Engagement Strategy (PSS) and Private Sector Financing Programme (PSFP) via guarantees mechanism for**

**financial intermediaries and leveraging remittances. We believe no matter for Mexico or for IFAD, that will be the best practice and accumulate valuable experience in the new engagement strategy exploring.**

#### **E. Japan**

50. **Japan welcomes the new COSOP for the United Mexican States. The new COSOP's strategic objectives stand on IFAD's comparative advantage and good complements of the Governments policy priorities, which place emphasis on inclusive and sustainable society, which we support.**
51. **The CSPE by IOE in 2019 were rich in lessons learned and full of practical recommendations, which Japan commend, and we note that those recommendations are integrated in this new COSOP.**

### **III. Sierra Leone COSOP**

52. Questions were received from Canada, China, France, Japan and the United Kingdom. The questions and responses follow below.

#### **A. France**

53. **IOE's country strategy and programme evaluation for Sierra Leone pointed out the difficulties in targeting the most vulnerable, especially within the rural financing program. We would welcome more details on the measures envisaged within the framework of this COSOP to better target the most vulnerable smallholder farmers and rural poor, in line with IFAD's mandate.**

#### **B. Japan**

54. **Echoes IOE in raising the issue of necessity of mechanisms to prevent elite capture through intervention of producer's organizations, in particular, utilization/development of public goods. We hope that effective measures are implemented in the future project design and implementation as recommended.**

#### **Response**

55. Taking on board the concern of the Independent Office of Evaluation of IFAD (IOE) regarding the need to strengthen targeting, particularly of youth, the new IFAD-supported Agricultural Value Chain Development Project employs a robust and comprehensive targeting strategy, including geographical and socioeconomic targeting, gender targeting, and youth targeting, ensuring that women and youth each represent 40 per cent of beneficiaries. In addition, as outlined in the COSOP, to strengthen its focus on targeting youth, IFAD will conduct a needs assessment, the results of which will be used to develop a youth engagement strategy.
56. Several approaches that ensure inclusiveness of the most vulnerable, such as the Gender Action Learning System methodology, will be utilized. Close follow-up through implementation support and supervision missions will ensure targeting of the most vulnerable, especially youth and women. These missions will also proactively identify any possibilities for elite capture and address them accordingly.
57. **We also agree with the IOE's comment on sustainability of benefits. While its difficult historic events of last decades, it is no doubt that sustainability is a real challenge for Sierra Leone, which we also have a long relationship with.**

#### **C. France**

58. **IOE's comments on the COSOP point out that the sustainability of impact is not assured once IFAD withdraws. Could IFAD management elaborate on envisioned exit strategies to minimize this risk?**

## D. Canada

59. **We note that IFAD's limited presence is a challenge to full engagement in Sierra Leone, and echoing France's comments on the sustainability of impact, we would like to underscore the importance of closer coordination with other development partners working on the ground.**

### Response

60. IFAD is taking a number of steps to enhance the sustainability of results and impacts, focusing principally on capacity-building and policy dialogue. First, all IFAD operations in Sierra Leone place emphasis on building and strengthening the human capital and capacities of beneficiaries, using methodologies such as the farmer field schools and the Gender Action Learning System. Attention is also given to strengthening capacities within the Ministry of Agriculture and Forestry and partnerships with the private sector and other development partners. Second, IFAD is developing a knowledge management strategy to guide the capturing, documentation and sharing of lessons learned across projects, in collaboration with partners, beneficiaries and stakeholders, as a means of supporting sustainability of results. This is supported by the work being done to further strengthen M&E in the projects to enable sharing of relevant data that feeds into the national M&E system and informs policy. In addition, through a decentralized approach, IFAD's presence in the country will enhance participation in non-lending activities such as policy dialogue and knowledge-sharing.
61. In addition, as indicated in the COSOP, Management places great emphasis on working in close coordination and partnership with the United Nations and other development partners, and also with the private sector, in Sierra Leone

## E. Japan

62. **Japan has a number of areas where we can serve bilaterally as well as with multilateral settings. In particular, we have been working with Sierra Leone in productivity improvement of rice production for better self-efficiency rate taking advantage of our initiatives such as CARD (Coalition for African Rice Development)**
63. **Job creation for youth through development of agricultural value chain also fits well with one of our priority approaches to Sierra Leone economic development. We encourage the way forward and take advantage of private sector engagement for capacity development and better employment for the youth. In this sense, Smallholder Horticulture Empowerment and Promotion (SHEP) approach, another flagship initiative in agricultural economic development, could be an area for synergy through IFAD projects in capacity building of youth and empowerment of women.**

## F. China

64. **We are delighted about the chances for the program of IFAD in Sierra Leone, co-financing with WB and AfDB, and so on. On the way forward, we would like to encourage the management, especially the regional and country team to explore more co-financing possibilities to expand the impact of IFAD's projects in this country.**

### Response

65. Management welcomes Japan's contribution to the rice value chain, which is one of the main value chains supported by the IFAD Agricultural Value Chain Development Project.
66. IFAD will actively seek collaboration and build on synergies with ongoing initiatives supported by the United Nations and other donors and governments to support value chain development and promote youths' and women's employment in Sierra

Leone. IFAD is already developing a youth strategy for Sierra Leone to map out ways to address the issues raised in the CSPE. In addition, cofinancing from the OPEC Fund for International Development is also being explored, as are partnership with other United Nations agencies, in the context of responding to the effects of the COVID-19 pandemic on the agricultural sector in Sierra Leone.

## **G. France**

67. **We note that the COSOP will focus on the main agricultural productions which are rice, cocoa and palm oil. On the latter, considering the possible impact on the environment that this culture can entail, what measures is IFAD considering in order to mitigate this risk and ensure sustainable practices?**

### **Response**

68. The project approach incorporates global best practice, in accordance with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO), a network that brings together stakeholders from the seven sectors of the palm oil industry – oil palm producers, processors or traders; consumer goods manufacturers; retailers; banks/investors; and environmental and social NGOs – to develop and implement global standards for sustainable palm oil, including, specifically, palm oil produced by smallholders.
69. The project will not support the clearing of forest areas for oil palm planting. Rather, the trees will be planted in degraded secondary bush areas, thus increasing climate resilience and carbon sequestration. Other good agronomical practices, such as circle weeding to avoid exposure of soils to erosion, will also be taught to the farmers concerned. Given the particular challenges associated with palm oil production, implementation support and supervisory missions will be expected to report on the adherence to the RSPO principles. IFAD will also report on farmers' adoption of environmentally sustainable and climate-resilient technologies and practices.
70. **We invite IFAD to further elaborate the risk matrix as we believe the mitigation measures are not sufficiently developed, in particular for the following risks: fiduciary (financial management and procurement), environment and climate, sexual exploitation and harassment**

### **Response**

71. The risk matrix will not be a static document, but will be updated on a regular basis as the risk environment changes. As part of the project start-up activities, IFAD will train project management units in fiduciary management, SECAP, procurement and other thematic areas to provide implementation guidance for project teams. Follow-up on these issues will occur as part of supervision and implementation support measures.

## **H. United Kingdom**

72. **Although climate change is recognised as a challenge to the agriculture sector, the rationale for mainstreaming climate change in the strategy and how this will actually be done is not very clearly explained. Importantly, there is no assessment of overall climate risk (high, moderate etc). Similarly, no rating is given for the environmental impact of the COSOP. The RMF lacks any indicators that would measure the extent to which climate change has been mainstreamed.**

### **Response**

73. The table in the risk management section assesses the environment and climate risks as "substantial". It is worth noting that IFAD is in the process of transitioning to an integrated project risk framework that will provide additional information on

environmental and climate risks. The new framework is now being applied to all projects in the West and Central Africa region.

74. One of the IFAD core indicators that has been added at the outcome level is “percentage of persons/households reporting adoption of environmentally sustainable and climate-resilient technologies and practices”, which directly relates to the milestone target that 75,000 farmers adopt recommended improved inputs and technologies.
75. **Description of proposed adaptation measures under ‘climate change’ (#32.iv) could have been strengthened. Firstly, the sole emphasis on adaptation is inconsistent with an implied focus on mitigation in #16. Secondly there is a need, even within the scope of a short paragraph, to be clear about the objectives. E.g. tree crops may well contribute to reducing soil erosion but (perhaps?) the main purpose is to generate income along value chains. It would be useful to know what ‘alternative practices’ will be applied to rice production and for what objective (reducing methane emissions, improving productivity?). Efficient pest and disease management should feature irrespective of climate change. Growing cocoa under shade, listed as a risk response in Table 2 is not mentioned here. The SECAP annex (#72) mentions weather information systems and weather-index insurance, which if pursued in the COSOP, could be highlighted in this summary**

#### **Response**

76. The climate change adaptation measures will be further expanded and clarified/confirmed at the outset of project development to ensure that they are appropriate to specific contexts. This has already started through the recently conducted technical project start-up workshop.
77. The only mitigation measures applied will be those that offer win-win benefits for development objectives (e.g. youth employment, improved productivity) and that offer adaptation/mitigation synergies. Alternative practices for improving rice production to be considered will include the system of rice intensification, as a means of increasing yields, reducing water use and reducing CO2 emissions. Key elements in appendix IV will be highlighted and summarized in the COSOP main report on information systems, including the issues around growing cocoa and oil palm. The foregoing will have to be done with an eye also to avoiding overlap with other adaptation financing that the country is deploying.
78. Pests will need to be managed efficiently regardless of climate change. The adaptation angle will consider the changing and expanding incidence of pests as a result of variations in temperature and rainfall conditions, which create the conditions for changing pest patterns.
79. **IFAD envisages possible future funding the proposed ASAP Plus programme, as well as potential for leveraging Adaptation Fund and GEF funding. Clear justification would be needed in these cases.**
- #### **Response**
80. Clear justification will be provided to serve as the basis for the preparation of financing requests for other climate and environment financing, following discussions with national focal points for these funds and the respective secretariats. A related project approved by the Adaptation Fund but not yet initiated will complement the portfolio.
81. **One of IFAD’s recent commitments, articulated in the 2019 Climate Action Report, is to align COSOP priorities with the NDCs that countries have prepared in response to the Paris climate change agreement. Sierra Leone’s NDC includes strategies for both mitigation and adaptation. However, the COSOP (# 16) only refers to mitigation commitments and**

**these need to be reviewed as the next (2035) target (7.58 tons CO2 equivalent) is pitched well above currently estimated per capita emissions of less than 1 tons (estimate from the NDC document). Clearly the country does not have to reduce its carbon footprint to meet this goal and there is no logic in saying that IFAD's investments will help it to do so. It would seem to be clearer for the COSOP to focus on the adaptation strategies in the NDC. There are 12 of these, and at least three of these (restoring degraded land, early warning systems and enabling private sector engagement) could be mapped with COSOP priorities.**

#### **Response**

82. Management acknowledges this important point and highlights the fact that the focus of IFAD's interventions in Sierra Leone is indeed on adaptation. The COSOP will be revised to include specific reference to nationally determined contribution adaptation priorities 3 and 4. While not an explicit focus of the COSOP, it is worth noting that activities under the COSOP may contribute to reducing greenhouse gases, particularly in the areas of land use, land use change and forestry, where there may be adaptation/mitigation synergies. Other contributions may include landscape restoration, greater water efficiency and demand-side management and support to innovative green finance through small and medium-sized enterprises.
83. **The COSOP has a very extensive SECAP background study as Annex 4, which we found to be strong in many areas, including the analysis of current climate and the trends predicted by various models. The lack of agreement between models on future precipitation trends is noted. We also found useful the analysis of the country's agricultural sector and major crops, as well as the other cross cutting issues such as gender, nutrition and youth**

#### **Response**

84. This important observation is noted. The SECAP analysis (appendix IV) presents important inputs for determining which subsectors to focus on in the design of proposed pipeline projects to address the mainstreaming themes in a synergistic manner.
85. **Perhaps because it expands into new areas (which would previously been covered in other annexes), the SECAP Annex seemed to lack a clear, well-structured description of the environmental impacts of the COSOP. Some elements are mixed with the discussion of climate change (e.g. in #49). Part 3 of the Annex 'strategic recommendations' goes beyond what one would normally expect in a 'background study' and is really more of a 'programme description'. Perhaps this should be elevated to a separate annex.**

#### **Response**

86. Management appreciates this observation. Elements of part 3 of appendix IV will be brought into other appendices and/or integrated into the COSOP report.
87. The main objective of the SECAP is to inform and strategically orient the COSOP with regard to social, environmental and climate change issues. The lessons learned and strategies section will be revised to clarify that these are preliminary. Climate strategies will be clearly separated from environment strategies, and risks and mitigation of risks will be included in the environment and social management plans to be developed.
88. **As ever, success will ultimately come down to the team that implements the project. To avoid low spend rates and/or poor implementation, IFAD will need a team that can manage a complex portfolio of interrelated interventions and adapt to a dynamic political context. There is also a lot of overlap with other donors' work and we encourage IFAD in ensuring**

**strong coordination. While it is not entirely clear from the guidance that this is a requirement at the COSOP level (as opposed to programmes and projects) such a rating is given in some COSOPs and is helpful in guiding the level of detail of climate analysis.**

**Response**

89. A project coordination unit (PCU) of experienced professionals has been established, some of them with experience implementing other donor-funded programmes. The PCU will also be supported through regular implementation support and supervision missions, with emphasis on coordination with other partners.
90. The ratings are applied when there are concept notes attached to the SECAP that provide a more detailed basis on which to assign a preliminary assessment. It is an IFAD requirement that concept notes are screened and, depending on the ratings, the required depth of the analysis is determined. Management confirms that this will be done.