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Summary of Project and Programme Proposals discussed at the Executive Board Consultation held on 3 November 2020

Note to Executive Board representatives

Focal points:

Technical questions:

Donal Brown
Associate Vice-President
Programme Management Department
Tel.: +39 06 5459 2448
e-mail: d.brown@ifad.org

Edward Heinemann
Lead Policy and Technical Adviser
to the Associate Vice-President
Tel.: +39 06 5459 2398
e-mail: e.heinemann@ifad.org

Tim Balint
Senior Technical Adviser
to the Associate Vice-President
Tel.: +39 06 5459 2790
e-mail: t.balint@ifad.org

Dispatch of documentation:

Deirdre Mc Grenra
Chief
Institutional Governance and Member
Relations
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

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For: **Information**

I. Introduction

1. An Executive Board consultation on project and programme proposals scheduled for submission to the Board at its 131st session was held on 3 November 2020. The deliberations of Board representatives are reflected in the present document.
2. Attending the consultation were Executive Board representatives for Angola, Cameroon, Canada, Dominican Republic, Egypt, France, Japan, Netherlands, Nigeria, United Kingdom and United States. Participating as observers were representatives for Burkina Faso, Cabo Verde, Eritrea, Libya, Mali, Mauritania, Niger, Senegal. Representatives for the Food and Agriculture Organization of the United Nations and the World Food Programme joined the afternoon session to discuss Rome-based agency (RBA) collaboration within the Sahel regional programme. The consultation was chaired by the Associate Vice-President, Programme Management Department, and attended by the directors of the regional divisions, the Secretary of IFAD and other IFAD staff.
3. The aim of the consultation was to provide Executive Board representatives with an opportunity to have in-depth discussion on IFAD operations, and so allow for more time at the upcoming Executive Board session to be dedicated to strategic matters. During the consultation, eight project proposals from four regions were discussed, including five new investment projects, two regional programmes and one restructuring proposal. The total value of these project proposals is US\$211 million in IFAD financing and US\$267 million in cofinancing.
4. These projects will be implemented in areas affected by conflict, climate change and COVID-19, among other issues. In response, IFAD is innovating to overcome these issues in the form of new regional lending programmes in West Africa and an innovative financing model in Brazil. The project in Yemen is also notable as it represents IFAD's re-engagement in the conflict-affected country in clear need of IFAD support after a five-year portfolio suspension. IFAD Management appreciated the opportunity to discuss and collect inputs and guidance from Executive Board representatives on all projects and particularly in these new and innovative areas.
5. Representatives welcomed the opportunity to focus on projects, were supportive of the project proposals and were appreciative of the presentations and background information provided by Management and staff. Representatives particularly expressed their interest and enthusiasm for the two regional initiatives, and hoped that they would catalyse more such initiatives in the future. Management and representatives agreed that capturing and incorporating lessons will be key to harnessing this catalytic potential, as will also be the case for the ground-breaking initiative in Brazil. Management also shared the challenges of designing these regional initiatives, and explained that there is a need to review IFAD's processes, including use and size of regular grants, and discuss potential changes to government processes to facilitate more of these initiatives in the future. Management also took note of the potential benefits of developing higher-level strategic approaches to guide these regional initiatives.
6. A key theme during the discussions was the consideration of risks – which is of no surprise given the uniquely challenging situation in which these projects will be implemented. These risks included water scarcity in the United Republic of Tanzania, increased agricultural intensification in Brazil, and security risks in the Sahel. Members highlighted the importance of sound risk management strategies, and noted positively IFAD's work to strengthen risk monitoring and reporting at country level. Representatives and Management agreed on the need to ensure the highest standards of social and environmental safeguards for these projects.
7. The discussions also gave IFAD staff the opportunity to offer clarification on other important aspects of the projects, including exit strategies, engagement with the private sector, impact pathways for women, and engagement with local

government and partners. IFAD took note of the need to ensure that these aspects are properly elaborated in the design documents, and that linkages and partnerships are leveraged in order to maximize efficiency and impacts.

II. Project and programme proposals

8. Participants discussed the proposals outlined below and expressed support for their approval by the Executive Board at its 131st session. This document will be updated after the formal Board session to reflect any additional comments made by representatives at that time.

A. East and Southern Africa

Eritrea: Integrated Agriculture Development Project (EB 2020/131/R.5)

9. This is a nutrition- and youth-sensitive project with IFAD financing of US\$37 million. Its overall goal is to reduce poverty and increase food and nutrition security for rural households through sustainable improvements in smallholder agricultural production and profitability. Representatives commended the design of the project, especially the focus on women, youth and watershed restoration. Several points were raised, including the low ICT coverage in the country and the need to support the social stability process by providing economic empowerment opportunities for young people. Representatives also highlighted the need to improve social and environmental safeguards, accountability and transparency as part of the risk matrix. Clarification was also sought on the project's engagement with the private sector. Management confirmed that they will work with the International Labour Organization to implement the social and environmental safeguards, as part of the first engagement with the Government on the Social, Environmental and Climate Assessment Procedures (SECAP), and will use business development services to gradually develop the private sector at the local level.

United Republic of Tanzania: Agriculture and Fisheries Development Programme (EB 2020/131(R)/R.13)

10. With IFAD financing of US\$59 million, this new nutrition-sensitive programme addresses key sector challenges in the seeds, fisheries and aquaculture value chains, while strengthening the capacity of public institutions and private sector stakeholders. Representatives requested clarifications on the complexity of the project, exit strategy, risks of crowding-out the private sector, alignment with local government and relevant research centres, and the justification for investment in development of local markets for fish and crop seeds. The risk of overexploiting fish resources was also noted, as was the need to be cognizant of water scarcity as a key barrier to crop production. Management clarified that the focus on fish and seeds for nutrient-dense crops is part of an integrated food systems approach to reduce the cost of protein, noting that priority will be given to crops in which women have a comparative advantage. Management also confirmed that the project will seek to increase linkages between the Government and the private sector along the seed supply chain, and will engage with key research centres during implementation.

B. Latin America and Caribbean

Brazil: Planting Climate Resilience in Rural Communities of the North-east Project (EB 2020/131/R.6)

11. This is an innovative project that combines IFAD loan financing with cofinancing of US\$99.5 million from the Green Climate Fund (GCF). The project has a unique financing modality in that the IFAD loan will be issued to a Brazilian development bank under a sovereign guarantee. The project is fully mainstreamed as it is gender transformational, and youth- and nutrition-sensitive, while assigning 94.4 per cent of IFAD resources to climate finance. The project builds on IFAD's solid experience in Brazil with agroforestry systems and a range of water capture and storage technologies, using these two sets of interventions to increase farmers' resilience to climate change. Among other areas, representatives requested clarifications on the financing terms, the risk of increased intensification, and the challenges faced by women, especially in terms of land access. Management clarified that financing will be on ordinary terms, but beneficiaries will receive grants. They added that the project will seek to address women's land tenure issues through the technical assistance component, and noted that the risks of intensification are well recognized and addressed; the project will not expand the agricultural frontier and will work towards systems that actually support ecosystem recovery.

C. Near East, North Africa and Europe

Yemen: Rural Livelihood Development Project (EB 2020/131(R)/R.7)

12. The project is supported by US\$10 million in IFAD grant resources, plus US\$10 million from the Global Environment Facility. Although IFAD's portfolio in Yemen has been suspended since 2015 on *force majeure* grounds, Management agreed in November 2019 to allocate these regular grant funds, given the urgent need in the country caused by the ongoing conflict and alarming poverty numbers. The project aims to improve the food security and the incomes of small-scale farm households through increased agriculture production and strengthened resilience to climate risks, through FAO as the implementing partner. While representatives applauded this important step towards IFAD's re-engagement and expressed appreciation for the collaboration with FAO to navigate implementation risks, they also requested clarification on why IFAD is re-engaging in the country at this time, and the justification for using grant resources. Among other comments, representatives also requested clarification on the exit strategy, gender focus, alignment with the work of other agencies, and region-specific risks. Management confirmed that IFAD, in response to repeated requests from the Government, has been investigating how to re-engage with Yemen since 2016 and the conditions are now suitable to complement humanitarian aid with development assistance. Management explained that the grant allocation was made in line with IFAD's strategy for countries in fragile contexts, and was the only option given the debt situation of the country. They added that the project has had successful community-led projects which have endured through the conflict and have identified several gender impact pathways which are realistic within the context.

D. West and Central Africa

Central African Republic: Project to Improve the Productivity and Access to Markets of Agricultural Products in the Savannah Zones (EB 2020/131(R)/R.9)

13. The project will be supported by IFAD financing of U\$22 million and will cover all four mainstreaming themes with a strong focus on the construction of road, irrigation, storage and conservation infrastructure, along with rural extension services. This project is classified as category A under the SECAP. The benefits of the project's focus on youth employment were noted during the discussion, as was

the need for diligence with regard to the environmental risks. Management explained that extensive efforts have been made in the project's environmental and social management framework to mitigate these risks and ensure smooth implementation. Management also noted that, based on lessons learned from similar projects in the past, the project will employ the Faster Implementation of Project Start-up facility to avoid implementation delays.

Niger: President's memorandum: Proposed Project Restructuring in the Republic of the Niger (EB 2020/131(R)/R.10)

14. This is a restructuring proposal covering three active projects in Niger,¹ in each case requiring a recategorization from SECAP category B to category A. This is the first of its kind brought to the Executive Board as it represents a Level 1 restructuring which requires the Board's review. It was also reviewed by the Evaluation Committee on 22 October 2020. For two of the projects, the request is related to the need to rehabilitate more than 10 km of road, while for the other, the recategorization is required because of new government environmental legislation that became operational after the project was designed, introducing standards stricter than IFAD's SECAP guidelines for the construction of mini-dams. Representatives asked for clarification on the cost implications of the proposed work on the mini-dams. Management responded that costs would be minimal and easy to accommodate within existing resources.

Benin and Togo: Regional Programme for the Integration of Agricultural Markets (EB 2020/131(R)/R.11)

15. This is one of the first regional lending operations brought to the Executive Board. With US\$50 million in IFAD financing, plus domestic and international cofinancing (from the OPEC Fund for International Development), the initiative aims to sustainably increase the incomes and nutritional diversity of rural households in Benin and Togo, taking advantage of the significant opportunities for food trade in the cross-border areas and the need to formalize trade corridors. The initiative includes climate finance, is classified as gender-transformative and nutrition- and youth-sensitive, and will contain a strong policy dialogue component. Management noted the role of the two Governments in making the initiative possible, adding that the flexibility of IFAD's grant facility was also a key factor. Representatives congratulated IFAD and the two Governments for this innovative project, and highlighted its potential as a catalyst for similar cross-border initiatives elsewhere. Further comments focused on whether this initiative forms part of a broader strategic approach for the region, how the project will solve barriers faced by women in cross-border trading, and the importance of citizen engagement. Management explained that a broader strategic approach may be something they will consider moving forward, and added that working through farmers' organizations and networks will be key both to citizen engagement and transformational impacts for women. Management also confirmed that they will work to integrate lessons from this process, including the need to re-tool internal processes to facilitate this type of initiative.

Countries of the Group of Five for the Sahel and Senegal: Joint Programme for the Sahel in Response to the Challenges of COVID-19, Conflict and Climate Change (EB 2020/131(R)/R.8)

16. The SD3C is a unique regional operation, formed through a technical and financial partnership between the G5 Secretariat, FAO, IFAD and the World Food Programme (WFP), in collaboration with the Economic Community of West African States and the GCF, drawing upon the comparative advantages of each institution to support

¹ The three projects are: (i) Family Farming Development Programme (PRoDAF) in Maradi, Tahoua and Zinder Regions; (ii) Family Farming Development Programme in the Diffa Region (PRoDAF-Diffa); and (iii) the Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity (PREClS).

the G5 Sahel countries² + Senegal. The initiative aims to improve rural producers' economic opportunities and livelihoods by increasing their productive capacity (with a focus on cross-border markets), supporting sustainable food systems, increasing social cohesion, and building peace. IFAD will contribute a first tranche of US\$43 million. The initiative is seen as a first phase of a long-term RBA support effort in the region. Members showed their strong support for the initiative and recognized the collaborative efforts of the RBAs. Representatives from FAO and WFP were also present and provided initial comments and also responses to questions. There was much interest and support for the project overall. Among many comments, representatives requested clarification on the contributions of each agency, overall project management and monitoring and evaluation arrangements, and emphasized the importance of further resource mobilization to deepen the initiative. Management and RBA representatives explained that they expect challenges with project start-up given the complexity and need for co-ordination across agencies and governments. However much of required project infrastructure is already in place given FAO and WFP footprints. Management also confirmed that they are currently developing a plan for further resource mobilization, especially grants, to help facilitate the project and are also working on the detail and phasing of implementation.

² The G5 Sahel countries are: Burkina Faso, Chad, Mali, Mauritania and Niger.