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## **Summary of project and programme proposals discussed at the Executive Board consultation held on 4 September 2023**

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**Action:** The Executive Board is invited to take note of the report.

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# Summary of project and programme proposals discussed at the Executive Board consultation held on 4 September 2023

## I. Introduction

1. On Monday, 4 September, the Executive Board met virtually for a formal consultation on the batch of country strategic opportunities programmes (COSOPs), projects and non-sovereign operations (NSOs) to be considered at the 139<sup>th</sup> session of the Executive Board in September. The consultation was held to enable Member States to engage in an in-depth discussion ahead of the pilot batch approval process. At its 138<sup>th</sup> session, the Executive Board approved that, starting from the 139<sup>th</sup> session and until the 141<sup>st</sup> session in April 2024, IFAD would pilot the new batch approval procedure for items previously presented for the Board's action through vote by correspondence. Under the pilot, the projects/programmes, grants and NSO proposals discussed at the consultation will be submitted for the Board's approval through the batch procedure at the start of the session, following the adoption of the agenda. The consultation complements the individual written comments shared by Membership with country teams, to which country teams provide written responses.
2. The items discussed included two COSOPs, for the Philippines and Mozambique; four sovereign lending projects, from Indonesia, Lesotho, Burkina Faso and Morocco; one proposal for a grant to the private sector and one non-sovereign private sector operation in Malawi.
3. In attendance at the session were Board representatives from 14 Member States,<sup>1</sup> and a further eight representatives from other IFAD Member States, including representatives from countries that had an item on the agenda – namely Burkina Faso, Lesotho, Morocco, Mozambique and the Philippines – and additional observers from Congo, Ecuador and the Russian Federation.
4. The consultation was chaired by the Associate Vice-President, Programme Management Department, and attended by the Associate Vice-President, Strategy and Knowledge Department, directors of the relevant divisions, country directors, project technical leads, the Secretary of IFAD and other IFAD staff.
5. Overall, representatives were supportive of the COSOPs and the projects. A key cross-cutting theme was gender mainstreaming and gender-transformative actions in IFAD projects. Member States flagged that IFAD's intentions in this regard were not made sufficiently explicit in the project documents. Management assured Member States that IFAD had set ambitious targets for gender-transformative projects and was on track to deliver on the associated Twelfth Replenishment of IFAD's Resources (IFAD12) commitment. However, Management agreed that project designs could be improved in this respect to ensure better communication of its achievements to Membership and stakeholders. Management pointed out that all projects needed to mainstream gender sensitivity, and that 35 per cent of new projects were designed as gender-transformative in order to meet the IFAD12 commitment.
6. The challenge of delivering in fragile situations was discussed in the context of the Programme to Strengthen Smallholder Resilience in Burkina Faso. Member States questioned the robustness of the risk assessment and mitigation measures and, more generally, how IFAD was mitigating the risks encountered in these contexts.

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<sup>1</sup> Executive Board representatives from Angola, Austria, Brazil, Dominican Republic, France, Germany, Indonesia, Japan, Mexico, Nigeria, Switzerland, United Arab Emirates, United Kingdom and the Bolivarian Republic of Venezuela.

In addition to the assurances provided by the regional and country director, Management also referred to the ongoing efforts in-house to ensure more proactive management of the portfolio in fragile contexts, including IFAD's updated approach to engagement in fragile situations, which aimed to increase the performance and impact of IFAD's projects, and guide future design and supervision of projects in fragile situations. Membership was also informed about IFAD's internal guidelines for dealing with de facto governments, aimed at assessing if continued engagement is possible in such contexts without compromising IFAD's legal and fiduciary framework and oversight.

7. A third cross-cutting issue discussed was the prioritization of IFAD's areas of interventions and harnessing IFAD's resources to achieve maximum impact. However, Member States agreed that this was a more general issue, pertaining to IFAD's strategic direction rather than the specific proposals being presented. The Chair remarked that COSOPs cover a wide range of opportunities in a given country and may seem to spread IFAD's focus over several areas of intervention. IFAD would, however, make efforts to strike the right balance when developing new country strategies.

## **II. Summary of proposals and discussions**

### **A. Asia and the Pacific Region**

#### **Republic of the Philippines – Country strategic opportunities programme 2023–2028 (EB 2023/OR/4)**

8. The COSOP for Philippines was endorsed by Member States. During the consultation, Membership requested clarification on the absence of international cofinancing targets in the new COSOP. In response, the Management explained that in order to simplify project activities, the current Value Chain Innovation for Sustainable Transformation of Agrarian Reform Communities (VISTA) project design excluded the possibility of international cofinancing. However, it was noted that, contingent upon funding availability, project design under IFAD13 would incorporate cofinancing from the Asian Development Bank (ADB) and potentially climate financing, notably from the Green Climate Fund. Management also informed Membership that favourable business planning discussions had recently been held between ADB and IFAD in this regard.

#### **Republic of Indonesia – Horticulture Development in Dryland Areas Project (EB 2023/139/R.2)**

9. The goal of the Horticulture Development in Dryland Areas Project (HDDAP) was to optimize underutilized dryland areas in order to modernize agriculture, increase farming profitability, and strengthen climate change resilience. Member States commended the project's alignment with IFAD's mandate and priorities, and the strong likelihood of success in improving smallholders' livelihoods in dryland areas and enhancing the rural economy. Member States commented on the lack of high targets for women's participation. Management responded that the project foresaw numerous opportunities for training and skills upgrading for women. Furthermore, during implementation, the project's logical framework would be revised to include more ambitious outreach targets for women. Management also explained that horticultural value chains attracted relatively high participation by women, and that this would contribute to achieving higher targets for women's participation in project activities.

### **B. East and Southern Africa**

#### **Republic of Mozambique – Country strategic opportunities programme 2023–2027 (EB 2023/OR/6)**

10. In endorsing the COSOP for Mozambique, Member States queried if the programme was overly ambitious in targeting many areas of intervention, and if strategic partnerships were envisaged in order to maximize impact in areas of work where

IFAD had limited resources to intervene. Management responded that IFAD's operations in Mozambique were programmatic and long-term: all projects and investments were being implemented in phases, based on lessons learned and scaling up opportunities. Furthermore, the country programme focused on strengthening the Government's implementation capacity through provision of support to strengthen country systems, including for planning, budgeting and audit. Management also highlighted that IFAD had established various partnership and collaboration arrangements through platforms such as agriculture sector working groups, the Blue Economy Working Group and the United Nations Country Team. Other partnerships of note included the collaboration with CGIAR Centres; the joint interventions with the Food and Agriculture Organization of the United Nations (FAO) on cropping systems and livestock; and the partnership with the International Labour Organization in the north in support of youth employment opportunities.

**Kingdom of Lesotho – Wool and Mohair Value Chain Competitiveness Project (EB 2023/139/R.3)**

11. The goal of the project is to increase the economic and climate resilience of wool and mohair farmers, targeting 45,000 households. Membership welcomed the project and underscored the importance of traceability of wool and mohair as well as the foreign exchange benefit that comes from this sector. However, it was noted that the logical framework was not gender-disaggregated and that the project's outreach to women was unclear. Finally, a point was raised about South-South Cooperation between South Africa and Lesotho. Management, in response, highlighted that that 50 per cent of project beneficiaries would be women and that the logical framework was already disaggregated by gender, noting the high level of male outmigration from the project areas, and women's extensive involvement in the sector. With regard to South-South Cooperation, Management responded that this was not only being explored with South Africa, but also with Argentina and Colombia with a view to importing knowledge and technology. Management added that the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+) and the Global Environment Facility (GEF) financing would be explored in Lesotho in the context of the project.

**C. West and Central Africa**

**Burkina Faso – Programme to Strengthen Smallholder Resilience (EB 2023/139/R.5)**

12. Member States expressed their overall appreciation and support for the project, especially given the fragile context. They also appreciated the direct targeting of women and youth and noted the importance of government commitment and ownership, and the participatory approach in designing the programme. The main queries raised by the Member States related to the special arrangements required for dealing with de facto governments and the risk mitigation measures foreseen in view of the security situation and high number of internally displaced persons. In addition, representatives asked about the gender-transformative aspect of the project and about the contribution of the ASAP+. In response, Management referred to IFAD's guidelines on dealing with de facto governments, which affirms that any decision to approve new financing or continue disbursements in the ongoing portfolio does not constitute recognition of legitimacy of a de facto government. The three criteria for classifying a project as gender-transformative were explained to Membership, including women's participation targets, gender-based needs assessments and specific targeted interventions. Regarding security, Management highlighted several mitigation measures included in the design, such as a phased approach in line with the evolving security situation; and envisaging collaboration with other service providers and partners to ensure continued service delivery to target communities. On ASAP+, Management drew

attention to component 1, which would benefit from this financing to strengthen adaptation.

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

##### **Kingdom of Morocco – Integrated Rural Development Project of the Mountain Areas in the Oriental Region (EB 2023/139/R.4)**

13. The project is aimed at improving the living conditions of poor rural households in the Oriental Region by diversifying livelihoods, supporting climate change resilient production, and promoting income-generating activities for women and youth entrepreneurship. Overall, Member States were very supportive of the project. The only issue raised pertained to the 30 per cent target for women’s outreach, which was considered too low. Member States also asked for more details on the Government’s financing of taxes and how the 71 per cent climate finance was calculated. Management explained that the targeting approach was based on lessons learned over the years and on the recent country strategy and programme evaluation. The 30 per cent target was considered reasonable in comparison to national data. Regarding taxes, it was clarified that this constituted the Government’s contribution to project financing. Finally, Management explained that the climate finance ratio was based on the methodology used by multilateral development banks.

#### **E. Grants to private sector**

##### **Global Environment Facility climate adaptation and innovation grant to the private sector: Cropin–SMARTFARM**

14. The GEF grant was well received by Membership. Representatives asked about how the relationship between the entity, the lead farmers and input suppliers would be managed and how farmers would be involved. Management clarified that the private sector entities were already collaborating with the project management units of anchor projects, which would facilitate the relationship between the lead farmers, input suppliers and the entity. The aim of these relationships was to create continuous engagement between the key players in the ecosystem for access to services and market linkages.

#### **F. Non-sovereign operations**

##### **New Building Society (NBS) Bank: Financial Inclusion in the Agricultural Value Chains – Republic of Malawi**

15. The NSO with NBS Bank received the overall support of Member States. No questions were raised. In response to a request from Lesotho, Management agreed to share further information about IFAD’s NSO framework directly with the representative.