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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-Third Session
Rome, 1-2 December 2004

SUMMARY OF PROJECT, PROGRAMME AND GRANT PROPOSALS
DISCUSSED BY THE EXECUTIVE BOARD

I. PROJECT/PROGRAMME PROPOSALS

1. The following project/programme proposals were approved by the Eighty-Third Session of the Executive Board.

Western and Central Africa

Burkina Faso: Sustainable Rural Development Programme
(EB 2004/83/R.16 + Add.1 + Sup.1) (now EB 2004/83/R.16/Rev.1)

2. The Executive Board approved a loan of SDR 10.70 million and expressed its support for the programme, which is in line with: (i) Burkina Faso's poverty reduction strategy paper, (ii) IFAD's country strategic opportunities paper (COSOP) for Burkina Faso, and (iii) IFAD's strategy for Western and Central Africa. List C members of the Executive Board conveyed their full support for the programme and in particular for the involvement of several cofinanciers (the Organization of the Petroleum Exporting Countries, the West African Development Bank and the Global Environment Facility), which further confirms the soundness of the programme to tackle rural poverty in the country.

3. Furthermore, the Executive Board expressed its satisfaction to IFAD for involving all technical and financial partners of the country in the development of the programme.

Eastern and Southern Africa

Ethiopia: Agricultural Marketing Improvement Programme (EB 2004/83/R.18 + Add.1 + Sup.1) (now EB 2004/83/R.18/Rev.1)

4. The Executive Board approved a loan of SDR 18.20 million for the programme and welcomed planned programme activities to increase the efficiency of Ethiopia's agricultural markets, which will go a long way towards reducing the vulnerability of the great majority of the population to such external shocks as drought-induced famines. The Board also emphasized that measures to improve the efficiency of agricultural markets should be accompanied by long-term strategies to: (i) improve the overall efficiency of agricultural production, including enhanced access by rural households to reliable financial services and secure rights to land, and (ii) promote synergy between the public and private sectors with a view to creating an enabling environment conducive to increased private-sector engagement with and investment in agriculture. The Board called on IFAD to play a more proactive role in promoting collaboration among development partners in Ethiopia and welcomed the planned establishment of a field office in the country in early 2005. The Board also recommended that the scope of planned programme activities should be expanded to include other agricultural commodities besides grains and coffee.

Lesotho: Sustainable Agriculture and Natural Resource Management Programme (EB 2004/83/R.19 + Add.1 + Sup.1) (now EB 2004/83/R.19/Rev.1)

5. The Executive Board approved a loan of SDR 6.80 million for the programme and commended its consistency with Lesotho's poverty reduction strategy and the participatory community planning process, which should improve beneficiary empowerment. The Board recommended that, in the course of implementation, due attention should be paid to ensuring that planned programme activities effectively respond to identified needs and priorities of members of rural households affected by the HIV/AIDS pandemic, especially orphans, based on vulnerability assessment reports.

Tanzania, United Republic of: Agricultural Services Support Programme (EB 2004/83/R.20 + Add.1 + Sup.1) (now EB 2004/83/R.20/Rev.1)

6. In approving a loan of SDR 17.05 million to finance the Agricultural Services Support Programme (ASSP), the Executive Board commended IFAD's contribution to joint work in elaborating the ASSP together with government and development partners. Major partners in the agricultural sector in the United Republic of Tanzania are supporting the Government's effort to secure coordinated programmatic support for the Agricultural Sector Development Programme (ASDP), and to deliver their support through a unified basket. In this context, it was confirmed that the IFAD contribution would not be transferred under budget support, but would be channelled through the unified ASDP basket fund earmarked for the ASSP. Clarification was provided that gender equality was identified as a main targeting strategy, which included the requirement to have at least 40% women membership in groups, committees and farmer organizations. Competent gender-in-agriculture practitioners would be part of the staff cadre and service providers. The joint programme was designed as a process approach, allowing flexibility during implementation to respond and react to the changing and evolving systems and structures in the United Republic of Tanzania, in particular in relation to ongoing local government reform and agricultural sector coordination. The abstention of the United States from approval of the programme was to be recorded in the minutes.

**Zambia: Rural Finance Programme
(EB 2004/83/R.21 + Add.1 + Sup.1) (now EB 2004/83/R.21/Rev.1)**

7. The Executive Board approved a loan of SDR 9.25 million for the programme. Comments were made on the poor loan repayment performance in Zambia and on anticipated roles in implementation of the programme of the Development Bank of Zambia (DBZ) and the National Savings and Credit Bank (NSCB). In response, it was explained that the only line of credit to be financed out of the loan proceeds would be used by commercial banks for on-lending to companies involved in contracted small-scale production, where non-repayment is not an issue for the banks. The role of DBZ in this component would be limited to that of fund manager. In addition, DBZ had significantly improved its performance and capital base in recent years; and the channelling of IFAD loan funds through DBZ would be subject to a number of substantive safeguards. The NSCB, the only bank in Zambia with a substantial rural-based portfolio, was to be recapitalized and brought under the supervision of the Bank of Zambia as a key element of the national Financial Sector Development Plan, with a view to eventual privatization. The use of IFAD loan funds in support of this process would be subject to a number of safeguards, as reflected in the loan agreement and supplementary assurances. The Board also indicated that the Swedish International Development Cooperation Agency (SIDA) was currently unable to commit to participation in the programme as intended; in response, it was confirmed that dialogue between IFAD and SIDA would continue, with the hope that the latter would eventually be able to enter the programme. The abstention of Sweden from approval of the programme was to be recorded in the minutes.

Asia and the Pacific

**Bangladesh: Microfinance for Marginal and Small Farmers Project
(EB 2004/83/R.22 + Add.1 + Sup.1) (now EB 2004/83/R.22/Rev.1)**

8. In approving a loan of SDR 13.40 million, the Executive Board requested clarifications on the apparent failings in microfinance for farmers, the lack of attention to lending to the poorest, the issue of crop insurance and the issue of interest rates. It was clarified that, while Bangladesh was characterized by one of the most successful microfinance sectors in the world, the benefits were currently limited almost entirely to the landless community. The farming community in Bangladesh still faced major constraints in accessing sustainable financial services. It was further clarified that the project did not seek to address the specific needs of the hard-core poor, as this target group was the focus of the ongoing IFAD-financed Microfinance and Technical Support Project. It was explained that the issue of crop insurance had been examined in the design of the project, but was considered unfeasible to implement in the context of rural Bangladesh. Finally, on the issue of interest rates, it was explained that the Government had expressed its view that NGOs were charging high interest rates to their clients and that these rates should be lowered. It was further explained that the donor community was unified in its view that these interest rates should be market-determined.

**Indonesia: Rural Empowerment and Agricultural Development Programme in Central Sulawesi
(EB 2004/83/R.24 + Add.1 + Sup.1) (now EB 2004/83/R.24/Rev.1)**

9. The Executive Board unanimously approved a loan of SDR 22.65 million and a grant of SDR 340 000 to finance the programme, which was greatly commended by the Executive Director for Sri Lanka on behalf of the List C countries. The Director highlighted aspects such as

the programme's good targeting and promotion of sustainable rural enterprise development and agricultural production, while improving competitiveness of businesses and stimulating export growth, and hence the sustainability of rural economic growth. In doing so, he commended the programme's objective of tackling the marginalization of the poorest communities, empowering them for socio-economic advancement. He expressed the hope that the Ministry of Agriculture would implement all the components well and pursue the programme goals actively. The proposal, for which negotiations had not been finalized prior to the Board's consideration, was approved on the condition that, should any important variations to the terms presented to that session arise during the negotiations, these would be brought to the attention of the Board at a future session.

**Nepal: Leasehold Forestry and Livestock Programme
(EB 2004/83/R.25)**

10. In approving a loan of SDR 7.15 million and a grant of SDR 840 000, the Executive Board requested clarifications on: poverty and social equity; gender equity; social mobilization; the risk of leasing to the poor; bureaucratic delays and poor disbursement; legal issues; contributions to Nepal from India; and the conflict situation. In respect to poverty and social equity, it was explained that the project would focus specifically on the poor and on providing them with enhanced access to land. On the issue of gender equity, it was explained that gender had been fully mainstreamed through the whole programme and gender awareness training was foreseen at all levels. On the issue of social mobilization, it was clarified that the social mobilization experience of Phase I had been positive, as pointed out by the interim evaluation. Similarly, on the issue of risks in leasehold forestry, it was pointed out that Phase I had been successful and that the leasehold approach was well tested. On the issue of bureaucratic inefficiencies and delayed disbursement, it was pointed out that Phase I had indeed been subject to delays due to its experimental innovative nature and the fact that there was no supportive enabling environment. This contrasted with the current situation where there was a specific leasehold forestry policy and a national programme with priority status in the poverty reduction strategy paper. On the legal issue of the duration of the leases, it was clarified that the Forest Act gave beneficiaries the choice to renew their leases if they wished to. It was explained that, while India was indeed a major bilateral partner of Nepal, the reason this had not been mentioned in paragraph 8 of the President's Report was because that paragraph focused on complementary forestry programmes in Nepal. In relation to the conflict situation, it was explained that a conflict assessment mission had recently visited Nepal and confirmed that the analysis in Appendix VIII of the President's Report was still valid. IFAD proposed to adopt the same approach as the major donors active in Nepal. This approach implied following the UN Basic Operating Guidelines and working through local service providers and female group promoters selected from the target villages. It was clarified that IFAD was keeping a watching brief on the situation and that, to date, leasehold activities continued to be implemented even in the most difficult areas without disruption from Maoist groups.

**Viet Nam: Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces
(EB 2004/83/R.26 + Add.1 + Sup.1) (now EB 2004/83/R.26/Rev.1)**

11. In approving a loan of SDR 16.10 million and a grant of SDR 430 000, the Executive Board requested and received clarifications on: decentralization and harmonization; calculation of the poverty line; and the choice of crop varieties. It was clarified that the programme would build on the implementation lessons of previous decentralized projects and scale up those lessons in a

harmonized approach across a much larger geographic area with support from policy-oriented activity. It was confirmed that IFAD had applied the official poverty line in its documents, but that participatory rural appraisals and community-based wealth ranking would triangulate poverty data to allow effective targeting. Finally, it was confirmed that the programme would be participatory and demand-driven in the choice of crop varieties.

Latin America and the Caribbean

Argentina: Patagonia Rural Development Project (EB 2004/83/R.27 + Add.1 + Sup.1) (now EB 2004/83/R.27/Rev.1)

12. The Executive Board approved a loan of SDR 13.35 million for the project and received information on the important role this project would play in supporting policy dialogue in the provinces and with the Federal Government. In addition, it was mentioned that the project would reinforce the rural finance services existing in the project area, in particular cooperatives.

Brazil: North-East Rural Family Enterprise Development Support Project (EB 2004/83/R.28 + Add.1 + Sup.1) (now EB 2004/83/R.28/Rev.1)

13. The Executive Board approved a loan of SDR 15.45 million to finance this project, which had already been discussed at its Eighty-Second Session in September 2004. The Board expressed its full support for the project, which is framed by national policy for poverty and hunger eradication. It also stressed the fact that the project would be implemented in the Brazilian North-East, a region that had the highest concentration of rural poor. The project would benefit about 100 000 people from the family agriculture sector involved in rural enterprise activities and would include a high percentage of rural women and young people. The participatory intervention methodology and its expected multiplying effect were also emphasized. The proposal, for which negotiations had not been finalized prior to the Board's consideration, was approved on the condition that, should any important variations to the terms presented to that session arise during the negotiations, these would be brought to the attention of the Board at a future session.

Ecuador: Development of the Central Corridor Project (EB 2004/83/R.30 + Add.1 + Sup.1) (now EB 2004/83/R.30/Rev.1)

14. The Executive Board approved a loan of SDR 9.90 million to finance this project. While approving the project, the Executive Board Director for Switzerland expressed concern about the following issues: the interest of the Government of Ecuador in the territorial approach and geographical corridors as an axis for development; the commitment of the Government to poverty reduction strategies; and the possibility of having a credit component in the project proposal.

15. The Board was informed that the strategy of developing corridors combined with a territorial approach was approved by the Executive Board in the COSOP exercise elaborated in close collaboration with the Government of Ecuador. This approach was requested by the Government following a model already tested in other Andean countries with excellent results. It was clarified that the project design process had been fully participatory, involving national and local authorities and all project stakeholders, including bilateral cooperation agencies. In this regard, management informed that full documentation was available in the files of the Latin America and the Caribbean Division. Management reported on the interest of the Government in poverty reduction programmes with facts and figures drawn from the International Monetary Fund and bilateral donors. Concerning the possibility of having a credit component in the project

proposal, information was provided on the wide choice of rural financial services offered by national and local institutions that fully covered this potential need. The minutes were to record that Switzerland was not able to join the consensus to approve the project for Ecuador.

**Guatemala: National Rural Development Programme: Central and Eastern Regions
(EB 2004/83/R.31 + Add.1 + Sup.1) (now EB 2004/83/R.31/Rev.1)**

16. The Executive Board approved a loan of SDR 11.35 million for the programme, and noted that the proposed strategy had taken into account indigenous population and gender issues, and had been developed with the direct involvement of local, municipal, departmental and national actors in the programme area. Information was also provided on the excellent coordination with the bi- and multilateral organizations working in the country. In relation to the cadastral law, management informed that the Government was negotiating a loan with the World Bank in support of this important matter.

Near East and North Africa

**Algeria: Rural Development Project in the Traras and Sebaa Chioukh Mountains of the Wilaya of Tlemcen
(EB 2004/83/R.32 + Add.1 + Sup.1) (now EB 2004/83/R.32/Rev.1)**

17. The Executive Board approved a loan of SDR 7.90 million and expressed its full support for the project, which is in line with the country strategic opportunities paper for Algeria. The Board commended the project for its solid design in addressing constraints in the project area through an approach focused primarily on target-group participation in the formulation of their own development plans and the promotion of decision-making by local groups and organizations at the community level. The Board recognized the role of the project in empowering the rural poor through the creation of pro-poor local institutions and socio-economic and productive assets.

**Armenia: Rural Areas Economic Development Programme
(EB 2004/83/R.33 + Sup.1) (now EB 2004/83/R.33/Rev.1)**

18. In approving a loan of SDR 10.45 million to finance this programme, the Executive Board commended IFAD for the appropriate design of the programme. In the course of deliberations, issues relating to the choice of the programme area, gender mainstreaming and migration were clarified.

**Jordan: Agricultural Resource Management Project – Phase II
(EB 2004/83/R.34 + Add.1 + Sup.1) (now EB 2004/83/R.34/Rev.1)**

19. The Executive Board approved – without any issues being raised – the proposed loan in the amount of SDR 7.60 million on intermediate terms and a grant of SDR 140 000 to help finance the second phase of this project.

**Sudan: Western Sudan Resources Management Programme
(EB 2004/83/R.35 + Add.1 + Sup.1) (now EB 2004/83/R.35/Rev.1)**

20. The Executive Board commended the sound technical and strategic design of the programme as well as its focus on reducing poverty through sound management of natural resources and the launching of a process of legal reforms addressing land and water governance.

21. The Executive Board approved a loan of SDR 17.05 million to finance the programme, with the clear agreement that the President of IFAD would sign the loan agreement only when the conditions regarding a comprehensive peace agreement, as set out in operative paragraph 3 of UN Security Council Resolution 1574 of 2004, had been fulfilled. The agreement was endorsed by Lists A, B and C and the Executive Board member for The Sudan after extensive consultation. The abstention of the United States from approval of the programme was to be recorded in the minutes.

II. GRANT PROPOSALS

22. The following grant proposals were approved by the Eighty-Third Session of the Executive Board:

Grant under the Global/Regional Grants Window to the Food and Agriculture Organization of the United Nations for the Development of a Preventive and Environmentally Safe Approach to a Desert-Locust Control Methodology (EB 2004/83/R.36)

23. The Executive Board approved a grant for the amount of USD 1.5 million. Several Executive Directors expressed strong support for the timeliness of the programme and particularly for its emphasis on environmental sustainability necessitated by the preventive approach.

Grant under the Global/Regional Grants Window to Foundation of the Peoples of the South Pacific International for the Mainstreaming of Rural Development Innovations Programme in the Pacific (EB 2004/83/R.37) (now EB 2004/83/R.37/Rev.1)

24. The Executive Board approved a grant of USD 2.0 million to finance the first phase of the programme.

Grant under the Country-Specific Grant Window to the Savings and Credit Union Network of The Union of the Comoros in Support of the Savings and Credit Union Network Capacity-Building Programme (EB 2004/83/R.51)

25. The Executive Board approved a grant for the amount of USD 350 000.

Grant under the Country-Specific Grant Window to the Ministry of Agriculture of Rwanda for Strengthening Implementation of the Rwanda Agriculture Strategy and Action Plan (EB 2004/83/R.38) (now EB 2004/83/R.38/Rev.1)

26. The Executive Board approved a grant for the amount of USD 400 000, and expressed support for this multi-donor initiative.