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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Fifth Session

Rome, 6-8 September 2005

REPUBLIC OF MALDIVES

**POST-TSUNAMI AGRICULTURAL AND FISHERIES
REHABILITATION PROGRAMME**

INFORMATION PAPER

At its Eighty-Fourth Session in April 2005, the Executive Board approved the financing proposal for the Post-Tsunami Agricultural and Fisheries Rehabilitation Programme in the Republic of Maldives (document EB 2005/84/R.19). Because negotiations had not taken place prior to the Board's consideration of the proposal, approval was on the condition that the Board be advised, at a future session, of the results of the negotiations. Accordingly, please find attached as Annex I additional information resulting from the negotiations held on 11-13 July 2005, and as Annex II the summary of important supplementary assurances included in the negotiated financing agreement. This information will also be incorporated in the revised document EB 2005/84/R.19/Rev.1.

ADDITIONAL INFORMATION RESULTING FROM NEGOTIATIONS

Further to the information provided in document EB 2005/84/R.19/Add.1, the Executive Board is invited to consider the following modification to the report and recommendation of the President on the Post-Tsunami Agricultural and Fisheries Rehabilitation Programme (document EB 2005/84/R.19). For ease of reference, the change to the text is in bold.

Page 3, paragraph 9

The last sentence should read:

“Fishing communities **in which inhabitants of tsunami-affected islands have been resettled,** will also benefit from the programme.”

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**SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES
INCLUDED IN THE NEGOTIATED FINANCING AGREEMENT**

(Negotiations concluded on 13 July 2005)

1. **Counterpart funds.** The Government will make available to the lead programme agency during the programme implementation period counterpart funds from its own resources not exceeding USD 100 000, as required and set forth in the annual workplans and budgets (AWP/Bs) and in accordance with its customary national procedures for development assistance. For this purpose, the Government will make budgetary allocations for each fiscal year equal to the counterpart funds called for in the AWP/B for the relevant programme year and make such allocations available to the lead programme agency annually in advance as required to carry out the programme in accordance with the financing agreement.
2. **Replacement of fishing gear and input supply – subsidiary agreement.** The fishers who lost their fishing assets (particularly fishing boats) will be eligible for replacement of these assets through loans or grants under the programme. The boats will be made available to the affected fishers on a grant basis or on a hire-purchase basis. The lead programme agency will determine beneficiaries' eligibility for programme support under this activity, based on eligibility criteria approved by IFAD. Eligible beneficiaries will enter into an agreement with the lead programme agency (the "input supply agreement") to use the funds exclusively for input supply replacement and to repay the principal amount of the credit plus interest thereon to the Government within the established timeframe. IFAD will approve a draft model of the input supply agreement, substantially in the form to be used by the Government, including the relevant repayment terms to be applied, prior to the Government's entering into any such arrangements with eligible beneficiaries.
3. **Insurance of programme personnel.** The Government will insure key programme personnel against health and accident risks to the extent consistent with its customary practice in respect of its national civil service.
4. **Gender focus – implementation.** The Government will promote full participation of women farmers in training, extension and market-oriented activities, and will generally strive to mainstream women's participation in all programme activities.
5. **Gender focus – programme staffing and management.** Equal participation of women will be sought in the steering committee. The selection and appointment of key programme staff will be conducted in a gender-sensitive manner. In the recruitment of programme staff, all things being equal, preference will be given to women candidates.
6. **Monitoring.** By or before 12 months after its effective date, the programme will establish its own monitoring system to be able to evaluate programme implementation properly. The Government will ensure that the criteria established and required by IFAD under its results and impact management system, as communicated by IFAD to the Government, will be incorporated into and form part of the programme's monitoring.
7. **Progress reports.** (a) Six-monthly progress reports will be submitted by each programme party. These reports will address technical and physical progress made during the period and will contain financial statements relating to the relevant semester's expenditures.

(b) Annual progress reports, based on the six-monthly progress reports, will be prepared, processed and consolidated in the same manner as the six-monthly progress reports.

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8. **Agriculture focus area.** The 26 islands for immediate intervention under the programme will be selected on the basis of both the level of damage caused by the tsunami and the vulnerability of the rural population. During programme implementation and in consultation with IFAD, the lead programme agency will select the second group of 24 agricultural islands for subsequent programme support. Selection will be based on the following criteria: (a) agricultural importance; (b) incidence of poverty and vulnerability; and (c) levels of food insecurity.

9. **Targeting.** Within the programme area, households selected to participate in the programme will be identified through rapid participatory assessments. To this end, beneficiaries are expected to form interest groups, which will be the basis for delivery of extension services. Existing groups (e.g. women's committees) will be evaluated on their willingness and commitment to participate in programme activities.

10. **Suspension.** In addition to the events specified in Section 12.01 of the General Conditions for Agricultural Development Financing, IFAD:

- (a) May suspend, in whole or in part, the right of the Government to request withdrawals from the loan account and/or grant account upon the occurrence of any of the events set forth therein or any of the following events:
 - (i) the input supply agreement, or any provision thereof, has been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the replacement of fishing gear and inputs supply activities, as described in paragraph 6 of Schedule 3;
 - (ii) IFAD has given notice to the Government that credible allegations of corrupt or fraudulent practices in connection with the programme have come to the attention of IFAD, and the Government has failed to investigate the matter fully and promptly to the satisfaction of IFAD; or thereafter, based on the conclusions of the aforesaid investigation and any other information available to it, IFAD, in consultation with the Government, determines that such practices have occurred, and the Government has failed to take timely and appropriate action to remedy the matter to the satisfaction of IFAD.
- (b) Will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account and/or grant account if the audit report required by the financing agreement has not been satisfactorily completed within 12 months after the financial reporting period set forth therein.

11. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the financing agreement:

- (a) the programme manager will have been duly appointed by the lead programme agency and approved by IFAD;
- (b) the Government will have duly opened the special account and the grant bank account;
- (c) the Government will have duly established the steering committee and the programme implementation unit;

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- (d) the financing agreement will have been duly signed, and the signature and performance thereof by the Government will have been duly authorized and ratified by all necessary administrative and governmental action; and
- (e) a favourable legal opinion, issued by the attorney general or other legal counsel acceptable to IFAD in form and substance acceptable to IFAD, will have been delivered by the Government to IFAD.

