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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Sixth Session

Rome, 12-13 December 2005

**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-Sixth Session of the Executive Board.

Western and Central Africa

**Benin: Rural Development Support Programme
(EB 2005/86/R.15 + Add.1 + Sup. 1) (now EB 2005/86/R.15/Rev.1)**

2. The Board approved a loan to the Republic of Benin for SDR 6.95 million to support the programme and commended IFAD for the high quality of the programme design. It also complimented IFAD on the programme's diversification focus, its comprehensive approach to implementation, and the institutional mechanisms set up to ensure synergies and complementarities with ongoing projects and programmes. Clarification was provided on capacity-building, training and coordination with other donors, and their links to the needs of beneficiaries.

**Democratic Republic of the Congo: Agricultural Rehabilitation Programme in Orientale Province
(EB 2005/86/R.16 + Add.1 + Sup. 1) (now EB 2005/86/R.16/Rev.1)**

3. The Board unanimously approved a loan of SDR 10.95 million and a grant of SDR 210 000 to the Democratic Republic of the Congo to finance the programme. The Executive Director for Belgium informed the Board that EUR 5.2 million were already formally committed for cofinancing the programme through the Belgian Survival Fund (BSF). The Board congratulated IFAD for the good collaboration established with the BSF during the programme design process. It also commended IFAD for the proposed involvement of the private sector in the implementation of programme activities, noting that this would help build local capacity and ensure future sustainability.

Eastern and Southern Africa

**Kenya: Smallholder Dairy Commercialization Programme
(EB 2005/86/R.17+ Sup.1) (now EB 2005/86/R.17/Rev.1)**

4. The Executive Board approved a loan of SDR 12.1 million and a grant of SDR 590 000 to support the Smallholder Dairy Commercialization Programme in Kenya. The programme will aim to integrate smallholder dairy producers and milk traders currently operating in the informal sector into the national market for milk and dairy products. The Executive Director for Germany provided written comments in support of the programme's private-sector focus and recommended that strong efforts be made during implementation to ensure representation of smallholder dairy producer organizations within larger organizations dealing with the formal dairy sector. In response to an enquiry about accountability, it was highlighted that IFAD had paid particular attention during follow-up of other projects to strengthening financial management across the IFAD portfolio in Kenya, an aspect that would also be addressed in the context of this programme.

**Malawi: Irrigation, Rural Livelihoods and Agricultural Development Project
(EB 2005/86/R.18)**

5. The Executive Board approved a loan of SDR 5.5 million in support of the World Bank-initiated Irrigation, Rural Livelihoods and Agricultural Development Project for Malawi. IFAD has aimed to sharpen the project's poverty focus through better targeting and an emphasis on the development of small-scale and mini-irrigation schemes. In response to the country's current food crisis, the project will also provide smallholder rainfed farmers with direct support to restore their productive capacity.

**United Republic of Tanzania: Agricultural Sector Development Programme – Livestock: Support for Pastoral and Agro-Pastoral Development
(EB 2005/86/R.20)**

6. Following the decisions taken during the September 2005 Executive Board, it was confirmed that the Agricultural Sector Development Programme – Livestock (ASDP-L) was an integrated part of the larger Agricultural Sector Development Programme, and that the flow of funds would be through the ASDP Basket Fund from the start. In addition, it was reported that the Government of the United Republic of Tanzania and IFAD had initiated a consultative process to more fully address pastoralism as a livelihood issue. The resulting modifications reflected the fact that livestock was a livelihood for a large proportion of livestock keepers; they also linked the ASDP-L goal more specifically to poverty reduction and food security for poor households. In particular, the agreed modifications: (i) emphasized land-use planning beyond geopolitical boundaries, in recognition of the critical role of mobility in pastoral and many agropastoral livelihoods; (ii) highlighted the current limitations of public and private veterinary service provision and made a commitment to facilitate livestock

production systems in rural areas based on one community animal health worker per village; and (iii) furthered understanding of livestock marketing and the market needs of livestock keepers – taking into consideration the differences between pastoralist livelihood systems and production-oriented systems. Involvement of pastoralist civil society organizations in the preparation of the implementation manual and actual implementation, especially at district and lower local government levels, would be continued. Following these results, the Executive Board confirmed the approved loan of SDR 14.25 million. The Belgian Survival Fund confirmed cofinancing amounting to EUR 3.97 million starting from 2006.

**Zambia: Smallholder Livestock Investment Project
(EB 2005/86/R.21 + Add.1 + Sup.1) (now EB 2005/86/R.21/Rev.1)**

7. The Executive Board approved a loan of SDR 7.0 million for this project. The Executive Director for Norway commended IFAD on the innovative nature of the ongoing portfolio. Note was made that IFAD was not engaged in country-level processes, including sector-wide approaches, and that such participation should be established. In response to concerns expressed by Board Members about the project implementation strategy, including its heavy reliance on government, it was noted that the capacity to deliver investments in animal disease control was found in government. It was also stated that the draught animal power-oriented restocking component would be implemented by contracted service providers. In response to another Board query, it was clarified that the design of the project had been coordinated closely with other interventions being planned by the World Bank and the African Development Bank. Finally, the relation between the project and the country strategy was elucidated. The project would contribute to strengthening the foundations for smallholder commercialization and would also help poor smallholders in remoter areas capitalize more effectively on local and natural resources in order to improve food production and food security.

Asia and the Pacific

**Bangladesh: Market Infrastructure Development Project in Charland Regions
(EB 2005/86/R.22 + Add.1 + Sup.1) (now EB 2005/86/R.22/Rev.1)**

8. The Board approved a loan of SDR 17.55 million to finance the project. The Executive Director for the United States of America requested information on how corruption issues were being addressed. In reply, it was pointed out that the recent country programme evaluation for Bangladesh had highlighted IFAD's good efforts in tackling corruption, including through preparation of audit logs and provision of specific supervision on financial management. Furthermore, in relation to the new project, additional efforts were being planned with the Embassy of the Netherlands, including specific training in financial management issues, checking of annual workplans and budgets against market prices, and provision of an oversight mechanism for reporting on corruption. Since negotiations had not been finalized prior to the Board's consideration, the project was approved on the condition that, should any important variations to the terms presented to the Board arise during the negotiations, these would be brought to the Board's attention at a future session.

**India: Tejaswini Rural Women's Empowerment Programme
(EB 2005/86/R.23 + Add.1 + Sup.1) (now EB 2005/86/R.23/Rev.1)**

9. The Board approved a loan of SDR 27.75 million to finance this programme.

**Pakistan: Microfinance Innovation and Outreach Programme
(EB 2005/86/R.24 + Add.1 + Sup.1) (now EB 2005/86/R.24/Rev.1)**

10. The Board approved a loan of SDR 18.3 million to finance the programme. The Executive Director for Norway requested confirmation that the programme would: (i) be consistent with

international best practice on microfinance policy and practice, in particular the need to avoid market distortions and interference with interest rates, and to focus on key institutional issues of financial viability; and (ii) form effective partnerships with other donors and projects in the microfinance sector. In reply, it was emphasized that IFAD fully supported these comments and was an active member of the in-country donor coordination group on microfinance. Furthermore, the Fund was actively partnering with the major donor in the microfinance sector – the World Bank. The Bank, in fact, would be the cooperating institution for the programme.

Latin America and the Caribbean

Dominican Republic: President's Memorandum: Social and Economic Development Programme for Vulnerable Populations in the Border Provinces (Loan 595-DO) – Extension of Loan Effectiveness Date (EB 2005/86/R.19)

11. The Board approved the programme extension period for the fulfilment of effectiveness conditions. A clarification was requested regarding the reasons for the delay. It was explained that the parliament of the Dominican Republic had been involved in the discussion of a new taxation law and could only recently give consideration to development projects, including the one supported by IFAD.

Guatemala: President's Memorandum: National Rural Development Programme – Phase I: The Western Region (Loan 614-GT) – Extension of Time Limit for Signature of the Loan Agreement (EB 2005/86/R.47)

12. The Executive Board approved the request to extend the time limit for signature of the loan agreement.

Near East and North Africa

Albania: Programme for Sustainable Development in Rural Mountain Areas (EB 2005/86/R.26 + Add.1 + Sup.1) (now EB 2005/86/R.26/Rev.1)

13. The Executive Board approved a loan to the Republic of Albania of SDR 5.5 million on highly concessional terms to help finance the programme.

Morocco: Rural Development Project in the Eastern Middle Atlas Mountains (EB 2005/86/R.27 + Add.1 + Sup.1) (now EB 2005/86/R.27/Rev.1)

14. The Executive Board approved a loan of SDR 11.25 million and expressed its support for the project, noting that it was in line with the country strategic opportunities paper (COSOP) for Morocco and confirming its main thrusts and approach in participatory planning and implementation.

Republic of Moldova: Rural Business Development Programme (EB 2005/86/R.28 + Add.1 + Sup.1) (now EB 2005/86/R.28/Rev.1)

15. The Executive Board approved a loan of SDR 9.1 million for this programme. In response to some questions raised, it was explained that the programme had a series of specific targeting measures to help ensure that financing and infrastructure rehabilitation activities were accessible to the rural poor. Furthermore, as one of the lessons learned through implementation experience in Moldova and other transitional economies, the need to support investments throughout the supply chain to create market opportunities for the traditional IFAD target group was also highlighted. The development of

such market linkages in favour of the rural poor was seen as fundamental to achieving a sustainable impact in terms of poverty reduction.

Tunisia: Integrated Agricultural Development Project in the Governorate of Siliana – Phase II (EB 2005/86/R.29 + Add.1 + Sup.1) (now EB 2005/86/R.29/Rev.1)

16. The Board approved a loan to the Republic of Tunisia of SDR 10.9 million on ordinary terms to help finance this project. The project aims at a sustainable improvement in the incomes and living conditions of the rural population in Siliana governorate. Its approach rests on the adoption of a participatory and integrated development process that builds community ownership of environmental and productive investments, and targets support activities to poor households. Clarification was provided in writing on how the project coordination mechanism planned to ensure the timely and effective implementation of the project's participatory and integrated development approach.

II. GRANT PROPOSALS

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

Grants under the Global/Regional Grants Window to CGIAR-Supported International Centres (EB 2005/86/R.30)

18. The following grants were approved under this category with the clarification (as sought by the Executive Director for Switzerland) that all CGIAR proposals were highly focused on marginal agroecosystems and remote areas, as well as on pro-poor crops and commodities (such as sorghum and millet). It was also stated that the research and development community considered these crops to be neglected and underutilized, despite their being extremely important for the household food security of the rural poor. The Executive Director for the United States of America was pleased to note the inclusion of logical frameworks.

International Center for Agricultural Research in the Dry Areas: Community Action in Integrated and Market-Oriented Feed-Livestock Production in Central and South Asia

19. A grant of USD 1.2 million was approved.

International Crops Research Institute for the Semi-Arid Tropics: Programme for Growing Out of Poverty: Intensification of Sorghum and Millet Systems by Unlocking the Potential of Local Biodiversity and Market Opportunities in Semi-Arid West Africa

20. A grant in the amount of USD 1.2 million was approved.

Grants under the Global/Regional Grants Window to Non-CGIAR-Supported International Centres (EB 2005/86/R.31)

21. The following grants were approved under this category:

International Agricultural Centre of the DLO Foundation: Regional Programme to Strengthen “Managing for Impact” in Eastern and Southern Africa

22. A grant of USD 1.1 million was approved.

International Centre of Insect Physiology and Ecology: Programme for the Development of Sericulture and Apiculture Products for the Poor in Fragile Ecosystems, using the Value Chain Approach

23. A grant of USD 1.4 million was approved.

International Center for Soil Fertility and Agricultural Development: Programme for Combating Soil Fertility Decline to Implement Smallholder Agricultural Intensification in Sub-Saharan Africa

24. A grant of USD 1.4 million was approved.

**Grant under the Global/Regional Grants Window through the Food and Agriculture Organization of the United Nations in Support of Pro-Poor Policy Formulation, Dialogue and Implementation at the Country Level
(EB 2005/86/R.34)**

25. The Executive Board approved a grant of USD 1.5 million in support of Pro-Poor Policy Formulation, Dialogue and Implementation at the Country Level. It was highlighted that this was a regional grant to strengthen the policy analysis and policy development capacities of several countries in the Asia and the Pacific region. An important element of the process consisted of learning from each other within the region. Better-performing countries with respect to Millennium Development Goals would share their successful pro-poor policy choices with countries not performing as well. The outcome of the grant would be the development of rural poverty reduction policies that would also assist IFAD in improving the performance-based allocation system process, future country strategic opportunities papers in the respective countries, and the framework in which future projects would be implemented. The Board noted the high level of cofinancing from the Food and Agriculture Organization of the United Nations and the contribution of Thailand to the programme's financing.

**Grant under the Global/Regional Grants Window to the International Farming Systems Research Methodology Network for the FIDAMERICA Network – Phase IV: Learning and Communication for Impact on Poverty Reduction in Latin America and the Caribbean
(EB 2005/86/R.32)**

26. The Board approved a grant of USD 1.32 million. Clarifications were provided to the Executive Director for Switzerland regarding the following issues: (i) in addition to IFAD projects, FIDAMERICA partners were mainly grass-roots organizations, international institutions, NGOs and other civil society groups working in rural poverty programmes; (ii) to strengthen innovative strategies, approaches and other pro-poor initiatives, innovation would be one of the programme's four pillars; (iii) the programme would identify and organize good practices, and then replicate them at field level; and (iv) all IFAD rural development projects in the region, governments and grass-roots organizations could submit proposals, which would be considered through the competitive fund for learning and communication for impact on poverty reduction projects. The Secretariat also explained that FIDAMERICA was a process and a service provided to all IFAD projects in Latin America and the Caribbean to strengthen stakeholders' capacities to learn about, and to manage and communicate knowledge on, rural development and successful interventions.

**Grant under the Country-Specific Grants Window to the National Peace Fund for the Smallholder Agricultural Production Reactivation and Infrastructure Reconstruction Programme in Response to Hurricane Stan in the Department of Sololá, Guatemala
(EB 2005/86/R.48)**

27. A grant of USD 500 000 was approved.

**Grant under the Country-Specific Grants Window to the Centre for Environmental and Agricultural Policy Research, Extension and Development for the Local Livelihoods Programme in Mid-Western Nepal
(EB 2005/86/R.33)**

28. A grant of USD 485 000 was approved.