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Enabling the rural poor  
to overcome poverty

## **Summary of project, programme and grant proposals discussed by the Executive Board**

Executive Board — Ninety-first Session  
Rome, 11-12 September 2007

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For: **Information**



## Summary of project, programme and grant proposals discussed by the Executive Board

### Project/programme proposals

1. The following project/programme proposals were approved by the ninety-first session of the Executive Board, and are in line with the Fund's newly approved Debt Sustainability Framework.

#### A. Western and Central Africa

##### **Gabon: Agricultural and Rural Development Project**

##### **(EB 2007/91/R.17+Corr.1) (now EB 2007/91/R.17/Rev.1)**

2. The Executive Board unanimously approved a loan of SDR 3.8 million and a grant of SDR 0.2 million to the Gabonese Republic to finance the Agricultural and Rural Development Project. The Director for Cameroon expressed his strong support for the design of this project, while recommending that the allocation for Gabon under IFAD's performance-based allocation system be increased for future projects. The Western and Central Africa Division and the country programme manager submitted written responses to several other issues brought up by the Board Director for Japan before the meeting: (i) increasing coordination between markets and networks; (ii) introducing new commodities to be produced during slack periods; and (iii) ensuring the sustainability of activities once the project was closed.

##### **Guinea: Village Communities Support Project – Phase II**

##### **(EB 2007/91/R.18/Rev.1+Corr.1) (now EB 2007/91/R.18/Rev.2)**

3. The Executive Board unanimously approved a grant of SDR 6.6 million to the Republic of Guinea to finance the second phase of the Village Communities Support Project. The Director for France indicated his country's full support for the project, noting that its aim was to strengthen local governance in the context of the decentralization process. He stated that France would cofinance the project once Guinea had reached its completion point under the Heavily Indebted Poor Countries Debt Initiative. Moreover, with regard to potential project cofinanciers, he stressed the need to explore partnerships with mining companies.

##### **Guinea-Bissau: Rural Rehabilitation and Community Development Project**

##### **(EB 2007/91/R.19/Add.1+Sup.1) (now EB 2007/91/R.19/Rev.1)**

4. The Executive Board unanimously approved a grant of SDR 3.1 million to the Republic of Guinea-Bissau to help finance the Rural Rehabilitation and Community Development Project. Clarifications were provided during the Board on lessons learned from previous IFAD projects, the political situation and the need to build community-based farmers' organizations as a first step towards future decentralization. The importance of strong supervision was also emphasized and it was pointed out that the project would be directly supervised. It was also mentioned that many of the clarifications sought were the result of the short length of the President's report and that most issues were addressed in the appraisal report (including a detailed results framework). The Board was informed that the Western and Central Africa Division and the country programme manager had also provided written comments to the Director for France before the meeting.

## **B. Eastern and Southern Africa**

### **Lesotho: Rural Financial Intermediation Programme**

**(EB 2007/91/R.21+Add.1+Sup.1) (now EB 2007/91/R.21/Rev.1)**

5. The Executive Board unanimously approved a loan of SDR 2.85 million and a grant in the same amount to the Kingdom of Lesotho to finance the Rural Financial Intermediation Programme. It was noted that the programme would seek to improve the rural poor's access to efficient financial services by developing member-based financial institutions, extending the outreach of formal financial institutions and strengthening their linkages with informal and semi-formal institutions within the context of a more enabling environment. The Board stressed the importance of a quantitative results framework and the need for establishing baseline data and targets.

### **Uganda: Community Agricultural Infrastructure Improvement Programme**

**(EB 2007/91/R.22)**

6. The Executive Board unanimously approved a loan of SDR 9.95 million on highly concessional terms to the Republic of Uganda as IFAD's contribution to the funding of the Community Agriculture Infrastructure Improvement Programme. It was pointed out that this programme would support the development of infrastructure for value addition and marketing relative to the agricultural sector in 26 of the poorer districts of the country. The Board praised IFAD for cofinancing this programme with the African Development Bank, and positively noted both the quantitative results framework and the design of the programme within the ongoing country harmonization process. It also recommended that during implementation there be close technical cooperation between IFAD and the African Development Bank, together with follow-up to ensure that the Government allocated adequate funding for maintenance of the rural road network.

## **C. Asia and the Pacific**

### **Bangladesh: Finance for Enterprise Development and Employment Creation Project**

**(EB 2007/91/R.23)**

7. The Executive Board approved a loan of SDR 23.15 million to the People's Republic of Bangladesh for the Finance for Enterprise Development and Employment Creation Project. In approving the project, the Director for France sought clarification as to why retail interest rates in Bangladesh were high. It was explained that (i) IFAD's policy was not to interfere in the setting of interest rates; (ii) retail interest rates in Bangladesh of 12.5 per cent were already among the lowest rates anywhere in the world; (iii) the local donor group for microfinance also had an agreed position not to insist on lower rates; and, finally, (iv) if rates were lowered, it was likely that the poorest households would have even less access to loans due to the increased difficulties microfinance institutions would face in breaking even.

### **Maldives: Fisheries and Agricultural Diversification Programme**

**(EB 2007/91/R.24)**

8. The Executive Board approved a loan of SDR 2.35 million to the Republic of Maldives in support of the Fisheries and Agriculture Diversification Programme. It noted the important role that the private sector would play in the high value addition processes to be introduced to improve traditional production technologies. It welcomed the flexibility in the design, allowing the programme to adapt to market conditions and thereby ensuring its viability despite the specific vulnerabilities and difficulties of island States such as Maldives.

**Pakistan: Programme for Increasing Sustainable Microfinance  
(EB 2007/91/R.25+Add.1+Sup.1) (now EB 2007/91/R.25/Rev.1)**

9. The Executive Board approved a loan of SDR 22.85 million to the Islamic Republic of Pakistan for the Programme for Increasing Sustainable Microfinance. In approving the programme, the Director for the United Kingdom of Great Britain and Northern Ireland and the Director for the Netherlands sought clarification on: (i) the degree of alignment with national microfinance policy; (ii) how harmonization with other microfinance programmes in the sector would be managed; and (iii) the amount of leveraging anticipated in the programme. It was explained that the programme was a direct response to recent changes in the national microfinance policy, and that its design had been discussed at a very early stage with the Governor of the National Bank of Pakistan – the organization responsible for regulating and supervising the sector. Moreover, the final design had been discussed and approved at the highest levels of Government, and consequently there was strong policy alignment and national ownership of the programme. With regard to harmonization, it was clarified that IFAD participated in all meetings of the local donor microfinance group, currently chaired by the United States Agency for International Development. This group offered a mechanism for harmonization and knowledge-sharing among all donors active in the sector. IFAD would continue to interact closely with donors through this group, and also bilaterally, to ensure that the programme was fully harmonized with other major programmes in the sector. Finally, with respect to leveraging commercial finance, it was explained that programme costing had deliberately been conservative in its estimation of leveraging. This was mainly because, in many cases, commercial financing institutions would be lending to microfinance institutions for the first time, and the leveraging on the initial loans was therefore likely to be small. As the relationships developed, and commercial banks became more familiar with microfinance institutions, the amount of leveraging was likely to increase significantly.

**D. Latin America and the Caribbean**

**El Salvador: Rural Development and Modernization Project for the Central and Paracentral Regions  
(EB 2007/91/R.26+Add.1+Sup.1) (now EB 2007/91/R.26/Rev.1)**

10. The Executive Board unanimously approved a loan of SDR 9.50 million to the Republic of El Salvador to help finance the Rural Development and Modernization Project for the Central and Paracentral Regions.

**Guatemala: President's Memorandum: National Rural Development Programme: Central and Eastern Regions (Loan No. 651-GT)  
(EB 2007/91/R.27)**

11. The Executive Board approved an extension of six months of the period for signature of the loan agreement for the National Rural Development Programme: Central and Eastern Regions.

**Nicaragua: Inclusion of Small-scale Producers in Value Chains and Market Access Project  
(EB 2007/91/R.28+Add.1+Sup.1) (now EB 2007/91/R.28/Rev.1)**

12. The Executive Board unanimously approved a loan of SDR 2.55 million and a grant of SDR 2.55 million to the Republic of Nicaragua to help finance the Inclusion of Small-scale Producers in Value Chains and Market Access Project.

## **E. Near East and North Africa**

### **Armenia: Farmer Market Access Programme**

**(EB 2007/91/R.30+Add.1+Sup.1) (now EB 2007/91/R.30/Rev.1)**

13. The Executive Board approved a loan of SDR 7.90 million and a grant of SDR 0.33 million to the Republic of Armenia to help finance the Farmer Market Access Programme. During its deliberations, the Board noted that the results-based framework and the presentation of baseline data should be strengthened prior to implementation start-up.

### **Morocco: Rural Development Project in the Mountain Zones of Errachidia Province**

**(EB 2007/91/R.31+Add.1+Sup.1) (now EB 2007/91/R.31/Rev.1)**

14. In approving a loan of SDR 11.95 million and a grant of SDR 325,000 to the Kingdom of Morocco to help finance the Rural Development Project in the Mountain Zones of Errachidia Province, the Board expressed its support for the project, commending its main thrust and focus on human development, and its alignment with national poverty reduction strategies and with IFAD's strategies and policies.

### **Yemen: Rainfed Agriculture and Livestock Project**

**(EB 2007/91/R.32+Add.1+Sup.1) (now EB 2007/91/R.32/Rev.1)**

15. The Executive Board approved a loan of SDR 10.85 million to the Republic of Yemen to help finance the Rainfed Agriculture and Livestock Project. In written comments sent earlier to the Near East and North Africa Division and during its discussions, the Board expressed satisfaction with the project's well-defined focus, its community participatory approach, its choice of the most appropriate institutional partners and its highlighting of relevant risks and mitigation measures. The Board agreed that improving natural resource management and addressing the tension between managing the water deficit and increasing water use for higher agricultural productivity were critical to addressing rural poverty in Yemen. It commended the choice of the Social Fund for Development (SFD), an institution with a proven track record in poverty reduction, to implement a component of the project, and pointed to the need for closer collaboration between SFD and the Ministry of Agriculture and Irrigation. The Board also endorsed the project's emphasis on building SFD capacity and suggested that training provided under the project for SFD staff be based on a training needs assessment undertaken at a very early stage in project implementation.

## **Grant proposals**

16. The following grant proposals were approved by the ninety-first session of the Executive Board:
- (a) **Grants under the global/regional grants window to CGIAR-supported international centres (EB 2007/91/R.33)**
17. The following grants were approved under this category.
18. The Executive Board approved all proposed grants to Consultative Group on International Agricultural Research (CGIAR)-supported international centres. It was noted, in particular by the Director for Nigeria, that the grants were highly relevant and promised high returns on investment in pro-poor research and development. Clarifications were sought on the nature of research partnerships and the degree to which these projects related to CGIAR system-wide research priorities. In reply, it was stated that all the CGIAR research programmes were based on partnerships with national and local entities, including community-based organizations and civil society organizations. Moreover, IFAD grant support was directed at specific projects or programmes with these centres

rather than at their core budgets, and was meant for identifiable and complementary pro-poor research and capacity-building activities. All these programmes were part of the CGIAR work programme, which in turn responded fully to the system-wide research priorities developed in full engagement with the Executive Council of the CGIAR, of which IFAD is a co-sponsor.

- (i) **International Crops Research Institute for the Semi-Arid Tropics (ICRISAT): Programme for Integrated Innovations for Improving Legume Productivity, Market Linkages and Risk Management in Eastern and Southern Africa**

19. A grant of US\$1,400,000 was approved by the Board.

- (ii) **International Crops Research Institute for the Semi-Arid Tropics (ICRISAT): Programme for Linking the Poor to Global Markets: Pro-poor Development of Biofuel Supply Chains**

20. A grant of US\$1,500,000 was approved by the Board. In response to clarifications sought by the Director for India, who fully supported the CGIAR initiative, the Secretariat highlighted the number of strategic partnerships and the rich architecture of socio-economic and biophysical research and capacity-building activities that IFAD would finance, often in collaboration with the Food and Agriculture Organization of the United Nations, CGIAR centres and national partners.

- (iii) **International Institute of Tropical Agriculture (IITA): Programme for the Participatory Development, Diffusion and Adoption of Cowpea Technologies for Poverty Reduction and Sustainable Livelihoods in West Africa**

21. A grant of US\$1,200,000 was approved by the Board.

- (iv) **Africa Rice Center (WARDA): Programme for Enhancing Smallholder Access to New Rice for Africa (NERICA) Seeds for Alleviating Rural Poverty in Western and Central Africa**

22. A grant of US\$1,500,000 was approved by the Board.

- (b) **Grants under the global/regional grants window to non-CGIAR-supported international centres**  
**EB 2007/91/R.34**

- (i) **African Rural and Agricultural Credit Association (AFRACA): AFRACA Development Programme 2008-2012**

23. The Director for Switzerland sought further details on the lessons learned and the results of past IFAD support to AFRACA, to be provided by the Secretariat directly.

- (ii) **International Fertilizer Development Center (IFDC): Programme for Extending Agro-Input Dealer Networks (EADN)**

24. A grant of US\$1,000,000 was approved by the Board.

- (iii) **Microfinance Information Exchange, Inc. (MIX): Programme for Building Market Information to Improve Performance Monitoring in Rural Finance**

25. A grant of US\$948,000 was approved by the Board.
- (c) **Grant under the country-specific grants window to the Ministry of Finance of Papua New Guinea for the Project for Local Governance and Community Participation in Oil-Palm-Growing Provinces**  
**EB 2007/91/R.35**
26. A grant of US\$500,000 was approved by the Board. The Director for the United States of America commented that the results framework was too simple to be part of a larger programme. It was confirmed that IFAD was working with the World Bank to develop a more detailed results framework for this specific project.



