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Enabling poor rural people
to overcome poverty

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

Executive Board — Ninety-second Session
Rome, 11-13 December 2007

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-second session of the Executive Board, and are in line with the Fund's newly approved Debt Sustainability Framework.

A. Western and Central Africa

Burkina Faso: Small-scale Irrigation and Water Management Project (EB 2007/92/R.20+Add.1+Sup.1) (now EB 2007/92/R.20/Rev.1)

2. The Executive Board approved a loan of SDR 6.95 million and a grant of SDR 0.26 million to Burkina Faso to finance the Small-scale Irrigation and Water Management Project. Executive Board Directors expressed their full support for the financing of this project. They particularly welcomed the investment in the water management sector, given that Burkina Faso is a Sahelian country. They also appreciated the efforts to mobilize cofinancing from the OPEC Fund for International Development.

Ghana: Northern Rural Growth Programme

(EB 2007/92/R.21+Add.1+Sup.1) (now EB 2007/92/R.21/Rev.1)

3. The Executive Board unanimously approved a loan of SDR 14.25 million and a grant of SDR 0.26 million to the Republic of Ghana for the Northern Rural Growth Programme. In approving the programme, Board Directors praised the focus on growth and on market and private-sector development. The Board raised four main issues: (i) the alignment of the programme's management arrangements with the Ghana Joint Assistance Strategy and the Government's monitoring and evaluation (M&E) system; (ii) the involvement of the decentralized structures in the programme; (iii) the consultative process at the design stage; and (iv) the linkages with the newly established Northern Ghana Development Fund. It was explained that the programme's management arrangements have been designed along the Government of Ghana's existing delivery mechanisms, and that they will – in due course – adapt to the changing institutional context with the upcoming agricultural sector-wide approach (SWAp). Moreover, IFAD and the Government agreed that one of the triggers to enter into the second phase is the full integration of the programme within this SWAp. It was also brought to the Board's attention that procurement of goods and services as well as M&E arrangements are aligned with the Government's systems. The Board was informed that, being a commodity chain and market linkage development programme, the first entry point of the programme is the private sector, including farmers' organizations. However, district assemblies are key partners in the design and implementation of the commodity business plans to make sure that investments in infrastructure and commodity chain development are fully integrated. Finally, in order to ensure ownership and full consultation among all stakeholders, a programme development and implementation partnership (PDIP) was formed at programme inception. This partnership brought together local and national stakeholders including government agencies, farmers' organizations, in addition to representatives from the private sector, research centres, universities, and donor and peer programmes. During programme design, the PDIP met six times and was chaired by regional ministers; it will be further mainstreamed at the implementation stage. In addition, several meetings were held with an agricultural sector partners' group to discuss programme design. Finally, it was explained that the programme will establish linkages with the Northern Ghana Development Fund, which was created in

November 2007. The programme will be directly supervised by IFAD and this will greatly facilitate the adaptation of the programme to the rapidly changing environment. It was also reiterated to the Board that the African Development Bank will provide cofinancing (approximately US\$61 million) to support rural infrastructure.

Nigeria: Rural Microenterprise Development Programme

(EB 2007/92/R.22+Add.1+Sup.1) (now EB 2007/92/R.22/Rev.1)

4. The Executive Board unanimously approved a loan of SDR 26.9 million and a grant of SDR 0.26 million to the Federal Republic of Nigeria to finance the Rural Microenterprise Development Programme. The proposal for Nigeria, 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 this session arise during loan negotiations, these would be brought to the attention of the Board at a future session. The Director for the United States of America sought clarification on (i) the credit guarantee scheme that the programme will be supporting and (ii) whether rural microenterprises goods will be demand-driven. Clarifications were provided by the Director, Western and Central Africa Division and the country programme manager for Nigeria. Specific references were also made to the appraisal report. It was agreed that IFAD would provide further written clarification to the Director for the United States. The Director for Canada enquired whether the implementing agency (Small and Medium Enterprises Development Agency of Nigeria [SMEDAN]) has the capacity to implement the programme. It was mentioned that a specific assessment of SMEDAN's capacity had been undertaken during programme appraisal by an experienced consultant who has worked on institutional issues for decades with the United Kingdom's Department for International Development and the Overseas Development Institute. The Director for the United States and the Director for Canada expressed their support for the programme, considering it well aligned with the country's policies on micro-, small and medium enterprises (MSME) and rural poverty. The Director for Cameroon expressed his strong support for the programme, commenting that Nigerian society is well endowed with private-sector skills and has a specialized national agency in charge of MSME development, and that furthermore the programme is well aligned with the country's poverty reduction strategy and is fulfilling a real need. He added that Cameroon is looking forward to creating a similar agency to support the private sector in MSME development in the urban and rural sectors.

B. Eastern and Southern Africa

Angola: Market-oriented Smallholder Agriculture Project

(EB 2007/92/R.23+Add.1+Sup.1) (now EB 2007/92/R.23/Rev.1)

5. The Executive Board unanimously approved a loan of SDR 5.25 million to the Republic of Angola to help finance the Market-oriented Smallholder Agriculture Project. The Director for Brazil indicated his country's full support for the project, making reference to the recently signed partnership agreement between IFAD and the Community of Portuguese-speaking Countries. The strong gender focus of the project was noted by the Director of South Africa. In approving the project, the Director for the United States sought clarification on governance issues, in particular procurement. It was explained that (i) as this is a World Bank-initiated project, IFAD will follow their procedures on fiduciary aspects, (ii) the risk mitigation plan included in the project document will be followed, including the recruitment of procurement specialists to work alongside government counterparts and to provide training to provincial and municipal government authorities, and (iii) a similar structure will be in place for financial management.

Madagascar: Support Programme for Rural Microenterprise Poles and Regional Economies (PROSPERER) (EB 2007/92/R.24)

6. The Executive Board unanimously approved a loan of SDR 11.65 million and a grant of SDR 0.19 million to the Republic of Madagascar to finance the Support Programme for Rural Microenterprise Poles and Regional Economies (PROSPERER). In doing so, the Executive Board commended the programme as a well designed and well aligned operation addressing economic development through the inclusion of rural microentrepreneurs in regional growth poles. Directors noted the willingness to forge public-private partnerships and the challenging implementation arrangement with the Federation of Chambers of Commerce and Industry, in addition to the innovative approaches to rural finance through guarantee fund and micro-insurance.

Malawi: Rural Livelihoods and Economic Enhancement Programme (EB 2007/92/R.25+Add.1+Sup.1) (now EB 2007/92/R.25/Rev.1)

7. The Executive Board unanimously approved a loan of SDR 5.35 million and a grant of SDR 5.3 million to the Republic of Malawi to finance the Rural Livelihoods and Economic Enhancement Programme. During its deliberations, the Board emphasized the need to ensure that the food and nutritional security of the most vulnerable households, in particular those affected by HIV/AIDS, should be carefully protected during the development of pro-poor value chains of agricultural commodities (such as groundnuts and Irish potatoes).

C. Asia and the Pacific

Bangladesh: National Agricultural Technology Project

(EB 2007/92/R.26+Add.1+Sup.1) (now EB 2007/92/R.26/Rev.1)

8. The Executive Board approved a loan of SDR 12.3 million to the People's Republic of Bangladesh to finance the National Agricultural Technology Project. In approving the project, the Executive Board welcomed IFAD's re-engagement with the Ministry of Agriculture and other institutions in the agricultural sector in Bangladesh, and appreciated the cofinancing with the World Bank. Board Members highlighted the importance of prudent oversight in awarding research and extension contracts to private-sector entities. They also stressed that capacity-building of *upazila*-level administration is crucial and will take time. The 15-year time frame appeared to be appropriate.

China: Inner Mongolia Autonomous Region Rural Advancement Programme

(EB 2007/92/R.27+Add.1+Sup.1) (now EB 2007/92/R.27/Rev.1)

9. The Executive Board unanimously approved a loan of SDR 19.1 million to the People's Republic of China to help finance the Inner Mongolia Autonomous Region Rural Advancement Programme.

Nepal: Poverty Alleviation Fund Project – Phase II

(EB 2007/92/R.28+Add.1+Sup.1) (now EB 2007/92/R.28/Rev.1)

10. The Executive Board unanimously approved a grant of SDR 2.5 million to Nepal to finance the Poverty Alleviation Fund Project – Phase II. While highlighting the importance of the targeted poverty alleviation projects in Nepal, clarifications were sought by the Director for the United Kingdom of Great Britain and Northern Ireland on how the project would be coordinated with other projects and support the harmonization of development activities. It was confirmed that the project would entail participation in central-level dialogue on coordination and harmonization of projects. At the district and village levels, the project aims to address – under the capacity-building component – the issue of coordination by supporting the Government's local structures in planning, monitoring and coordinating activities. It was explained that IFAD would focus on this component. The example was also given of the mechanisms in place, as per the project design

document, to implement all activities within the same framework, namely that all infrastructure subprojects under the Poverty Alleviation Fund Project – Phase II must be included in the annual district- and village-level plans.

**Viet Nam: Developing Business with the Rural Poor Programme
(EB 2007/92/R.30+Add.1+Sup.1) (now EB 2007/92/R.30/Rev.1)**

11. The Executive Board approved the proposed loan and grant to the Socialist Republic of Viet Nam for the Developing Business with the Rural Poor Programme in the amount of SDR 22.3 million on highly concessional terms and a grant of SDR 0.35 million.

D. Latin America and the Caribbean

**Guyana: Rural Enterprise and Agricultural Development Project
(EB 2007/92/R.32+Add.1+Sup.1) (now EB 2007/92/R.32/Rev.1)**

12. The Executive Board unanimously approved a loan of SDR 1.85 million and a grant in the same amount to the Republic of Guyana to finance the Rural Enterprise and Agricultural Development Project. The targeting mechanisms of the project were particularly appreciated. The Board Director for Canada sought further clarification on the preparedness of Guyana as regards export facilities and infrastructure and asked if the project plans to fill the possible gaps in these fields. In reply, it was stated that some functional export channels already exist and that the preparedness at the national level will be enhanced through partnerships with other donors, particularly with the Inter-American Development Bank, the Canadian International Development Agency and the United States Agency for International Development.

**Honduras: Project for Enhancing the Rural Economic Competitiveness of Yoro
(EB 2007/92/R.33+Add.1+Sup.1) (now EB 2007/92/R.33/Rev.1)**

13. The Executive Board approved a loan of SDR 4.55 million to the Republic of Honduras to finance the Project for Enhancing the Rural Economic Competitiveness of Yoro. In approving the project, the Director for Brazil stressed as highly positive the focus on the indigenous population and solicited more information on the process of participation and consultation with indigenous population representatives. It was clarified that the project is a result of a process of consultation with governments and especially with indigenous population representatives, who also participate in the local orientation council of the project, where territorial interventions are defined.

**Peru: Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte)
(EB 2007/92/R.34+Add.1+Sup.1) (now EB 2007/92/R.34/Rev.1)**

14. The Executive Board approved a loan of SDR 9.05 million to the Republic of Peru to help finance the Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte). The Executive Board Directors for Belgium and France expressed their concern for the complex situation to be faced by the project due to the lack of road infrastructure in the large project area and the necessity of ensuring good coordination among central Government, regional governments and local governments in a context of decentralization.
15. It was noted that in order to cope with road infrastructure needs, the national and regional governments will allocate substantial resources in the coming years (around US\$20 million per year). The risks associated with coordination among different public entities will be mitigated by the project execution arrangements, in which the Ministry of Agriculture and the project and local committees for resource allocations will participate. These arrangements also involve regional and local government, the private sector and campesino representatives. In addition, the model to be applied for project execution is the same as that used in the southern

part of the sierra in previous IFAD projects, which guarantees good coordination and cofinancing among different governmental structures.

E. Near East and North Africa

Azerbaijan: Rural Development Project for the North-west

(EB 2007/92/R.35+Add.1+Sup.1) (now EB 2007/92/R.35/Rev.1)

16. The Executive Board approved a loan of SDR 10.85 million to the Republic of Azerbaijan to help finance the Rural Development Project for the North-west. The Board commended the project for its close alignment with government strategy and its emphasis on improving irrigation efficiency and on involving the water users in system management. The Board expressed satisfaction that the project will synchronize its activities with the multitude of development initiatives in the project area to achieve complementarity and avoid duplication and waste.

Djibouti: Programme for the Mobilization of Surface Water and Sustainable Land Management

(EB 2007/92/R.36+Add.1+Sup.1) (now EB 2007/92/R.36/Rev. 1)

17. The Executive Board approved a grant of SDR 1.95 million to the Republic of Djibouti to finance the Programme for the Mobilization of Surface Water and Sustainable Land Management. The programme is expected to assist about 6,000 households in meeting their demand for domestic and livestock water use during the dry season. The investments in water structures will adopt an integrated natural resource management approach that combines participatory water management with sustainable land management and range development and conservation. The Executive Board commended IFAD for the partnerships established with the World Food Programme and the French Global Environment Facility for the financing and implementation of this project as well as for the project's innovative character in the context of Djibouti.

Grant proposals

18. The following grant proposals were approved by the ninety-second session of the Executive Board:
- (a) **Grants under the global/regional grants window to non-CGIAR-supported international centres (EB 2007/92/R.38)**
19. The following grants were approved under this category:
- (i) **United Nations Office for Project Services (UNOPS): Asian Project Management Support Programme**
20. A grant of US\$1,400,000 was approved.
- (ii) **United Nations Office for Project Services (UNOPS): Regional Programme for Rural Development and Poverty Reduction – Regional Unit for Technical Assistance (RUTA)**
21. A grant of US\$1,000,000 was approved.
- (iii) **Unity and Cooperation for People's Development (UCODEP): Global Programme to Address the Marginalization of Poor Farmers and Migrants in Ecuador, Morocco and Senegal through Market Linkages and the Promotion of Diversity**
22. A grant of US\$1,780,000 was approved.
23. Clarification was provided on the role of UNOPS as the recipient in two cases, and its capacity in the context of training and contractual arrangements with key service providers in the two developing regions (Asia and the Pacific, and Latin America and the Caribbean). In the case of RUTA, it was clarified that the programme's first component is strengthening regional and national institutional

capacities. UNOPS was selected as the best option as a services provider by the seven governments of Central America and by the donor partners of RUTA.

(b) **Grant under the country-specific grants window to the Republic of Iraq for the Improved Livelihoods of Small Producers in Iraq through Integrated Pest Management and Organic Fertilization Programme (EB 2007/92/R.39)**

24. The Executive Board approved a grant of US\$1,185,000 to the Republic of Iraq to cofinance the Improved Livelihoods of Small Producers in Iraq through Integrated Pest Management and Organic Fertilization Programme.
25. The Executive Board Director for Italy raised two issues: one related to the impact of the security situation in Iraq on project implementation, particularly the travel-related risk for Iraqi scientists. The other related to the policy framework, which is non-conducive to the adoption of improved practices by small farmers.
26. It was clarified that several risk-mitigation measures were embedded in project design, including (i) the very low technological nature of integrated pest management and organic fertilization; (ii) the selection of three pilot rural areas that are relatively much safer than urban areas in north, central and south Iraq; (iii) local level project implementation; and (iv) the strong country presence of the International Center for Agricultural Research in the Dry Areas (ICARDA), which is the main implementation partner.
27. With regard to the non-conducive policy framework, it was clarified that this is related to the current centralized and subsidized pest control and distribution system. The project, being highly participatory, will contribute to making the policy framework more favourable to the adoption of integrated pest management and organic fertilization by small farmers.

(c) **Country-specific grant to the International Labour Organization for the Skills Enhancement for Employment Project in Nepal (EB 2007/92/R.40)**

28. The Executive Board unanimously approved a grant of US\$870,000. The Executive Board Director for the United States enquired about the project linkages with rural development, and requested clarification on the rationale for including international labour markets in India in the skills enhancement and training activities. The Board Director also wished to know the reasons for selecting the International Labour Organization (ILO) as the executing agency. It was explained that the project will target rural young people and take into account the employment opportunities and labour markets in the selected rural districts, including employment opportunities in the agriculture sector, with the aim of increasing the employability and incomes of the target population. Given the present practice of leaving the project districts to seek work in India, it was considered important also to support those who leave through skills training with the objective of improving their level of income. It was explained that ILO was considered the most suitable executing organization given its expertise in employment generation-related issues and its well established relations with institutions and organizations in Nepal, including the key line ministries, which are of importance to this project.

