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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-fourth Session
Rome, 10-11 September 2008

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-fourth session of the Executive Board, and are in line with the newly approved Debt Sustainability Framework (DSF).

A. Western and Central Africa

Cameroon: Rural Microfinance Development Support Project (EB 2008/94/R.11/Rev.1)

2. The Executive Board approved a loan of SDR 8.3 million and a grant of SDR 0.13 million to the Republic of Cameroon in support of the Rural Microfinance Development Support Project. In approving the loan and grant, the Board sought clarification on (i) governance and transparency; (ii) the enabling environment, including policies and the relationship between banks and microfinance institutions; and (iii) the low level of project resources allocated to microfinance institutions. Clarifications were provided to the Board members' satisfaction. Written responses were also provided.

Republic of the Congo: Rural Development Project in Likouala, Pool and Sangha Departments (EB 2008/94/R.12/Rev.1)

3. The Executive Board unanimously approved a grant of SDR 5.25 million to the Republic of the Congo to finance the Rural Development Project in the Likouala, Pool and Sangha Departments. The Board indicated that the project was fully in line with the country strategy of increasing food production and improving food security. It raised concerns regarding governance, transparency and procurement procedures, stressing the need for grant proceeds to be used in a transparent manner, following agreed procurement procedures and in accordance with the financial implementation manual. The Director for Germany had hoped for a higher government contribution to the project. It was indicated that there would be a continuous dialogue with the Congolese authorities with a view to mobilizing additional government funds for the project.

Senegal: Agricultural Value Chains Support Project (EB 2008/94/R.13/Rev.1)

4. The Executive Board unanimously approved a loan of SDR 9.1 million and a grant of SDR 0.17 million to the Republic of Senegal to finance the Agricultural Value Chains Support Project. The Board commended IFAD for the wide consultation process that took place in the field during design. Written requests for clarifications were received from the Directors for the United States of America and Switzerland regarding (i) procurement procedures, (ii) the role of the public versus private sector in value chain development, (iii) value chain development and family-based agriculture, (iv) the representative character of partner farmers' organizations; and (v) implementing partners. Written responses were provided to their satisfaction.

B. Eastern and Southern Africa

Madagascar: Support to Farmers' Professional Organizations and Agricultural Services Project (EB 2008/94/R.14)

5. The Executive Board unanimously approved a loan of SDR 11.45 million and a grant of SDR 0.32 million to the Republic of Madagascar to help finance the Support to Farmers' Professional Organizations and Agricultural Services Project. Switzerland submitted written comments commending the high coordination among partners and highlighted the attention needed to establish the Agricultural Development Fund and strengthen the chamber of agriculture. During its deliberations, the Board

expressed appreciation for the high level of cofinancing obtained (1:1.5 ratio) and noted that support to farmers' organizations was in line with IFAD's mandate.

**Mozambique: Rural Markets Promotion Programme
(EB 2008/94/R.15/Rev.1)**

6. The Executive Board unanimously approved a loan of SDR 19.1 million to the Republic of Mozambique to finance the Rural Markets Promotion Programme. It recognized that the programme is consistent with the alignment and harmonization agenda in the country and with the Government's priorities and strategies. The importance of the strategic partnership with the Alliance for a Green Revolution in Africa in the context of the programme was also stressed. It was acknowledged that the programme was building on lessons learned from a closing IFAD programme, and thereby strengthening its achievements, while also introducing innovative aspects and expanding geographical coverage. Finally, emphasis was placed on the importance of linking the programme to the ongoing decentralization process and seeking synergies and collaboration with the German Agency for Technical Cooperation and Kreditanstalt für Wiederaufbau (KfW) – a German Government-owned development bank – to improve the target population's access to financial services.

**Rwanda: Kirehe Community-based Watershed Management Project
(EB 2008/94/R.16/Rev.1)**

7. The Executive Board unanimously approved a grant of SDR 13.05 million to the Republic of Rwanda to finance the Kirehe Community-based Watershed Management Project. Board members commended the project's community development approach and the emphasis placed on strengthening government capacity. The Board suggested that the monitoring and evaluation design be strengthened. It also queried what impact land redistribution would have on poor rural people and asked for further details on the distribution of US\$1,000 per household. Clarifications were provided directly to Board members regarding the strengthening of land tenure security for smallholders through the redistribution of irrigation development schemes and the land registration activities. It was explained that the sum of US\$1,000 per household represented the average project cost per participating household, which would not be distributed but would for the most part finance productive investments in agricultural intensification, feeder roads (fully financed by the government) and institutional support. A mere five per cent would be spent on project management. Moreover, the current financing amounts would be complemented by an additional grant, equivalent to US\$6.32 million, once further IFAD or supplementary funds become available for the project.

C. Asia and the Pacific

Indonesia: National Programme for Community Empowerment in Rural Areas Project (EB 2008/94/R.17/Rev.1)

8. The Executive Board unanimously approved a financing package of SDR 42,279,800 to the Republic of Indonesia, comprising a loan of SDR 42,033,300 and a grant of SDR 246,800, to help finance the National Programme for Community Empowerment in Rural Areas Project. During its deliberations, the Board encouraged IFAD to have close consultations with other partners during the design process and to undertake networking with the national planning processes.

**Kyrgyzstan: Agricultural Investments and Services Project
(EB 2008/94/R.18)**

9. The Executive Board approved a grant of SDR 5.588 million to the Kyrgyz Republic to finance the Agricultural Investments and Services Project. The Board welcomed IFAD's cooperation with the International Development Association and the Swiss Agency for Development and Cooperation under the project, and was pleased to note the project's alignment with national policies, which would likely enhance project sustainability. The Board also noted with satisfaction that, for harmonization

purposes, the project would adopt the World Bank's policies for procurement, audit, duties and taxes.

D. Latin America and the Caribbean

Costa Rica: National Rural and Entrepreneurial Development Programme (EB 2008/94/R.19/Rev.1)

10. The IFAD Executive Board unanimously approved a loan of SDR 5.85 million to the Republic of Costa Rica to finance the National Rural and Entrepreneurial Development Programme. Board members commented positively on the alignment of the project objectives with national policies, their integration into the national institutional framework and the promotion of food quality management activities as an additional tool for market access.

President's memorandum. Modifications to the loan and financing agreements for: (1) Honduras: Project for Enhancing the Rural Economic Competitiveness of Yoro (loan no. 743-HN) and (2) Nicaragua: Inclusion of Small-scale Producers in Value Chains and Market Access Project (loan no. 729-NI and grant no. DSF-8009-NI) (EB 2008/94/R.25)

11. The Executive Board unanimously approved a supplementary loan to the Republic of Honduras in various currencies in an amount equivalent to SDR 1.43 million to finance the Project for Enhancing the Rural Economic Competitiveness of Yoro; and a supplementary loan and grant to the Republic of Nicaragua in various currencies in an amount equivalent to SDR 0.78 million to finance the Inclusion of Small-scale Producers in Value Chains and Market Access Project. In doing so, Board members expressed their satisfaction with IFAD's rapid response, through this additional funding, to the crisis stemming from high food prices, particularly in net consumer countries such as Honduras and Nicaragua.

E. Near East and North Africa

Albania: Mountain to Markets Programme (EB 2008/94/R.20/Rev.1)

12. The Executive Board approved a financing package of SDR 6.12 million comprising a loan of SDR 5.86 million and a grant of SDR 0.26 million to help finance the Mountain to Markets Programme in Albania. During its deliberations, it emphasized the need for the programme to establish effective arrangements for financial management, audit and procurement to ensure a transparent use of resources. In addition, clear targets should be adopted for programme support, and efforts should be made to avoid duplication with other development initiatives particularly related to infrastructure development.

President's memorandum

Georgia: Rural Development Programme for Mountainous and Highland Areas – Amendment to the loan agreement and reallocation of loan proceeds (EB 2008/94/R.21)

13. The Executive Board approved the reallocation of loan proceeds in the loan agreement of about SDR 3.69 million to enable the programme to cater for the design and construction of about 30 small civil works schemes (small bridges, roads and water supply schemes) within the next 18 months. In view of the current situation in Georgia, the Board found that this amendment was both highly relevant and timely.

**Moldova: Rural Financial Services and Marketing Programme
(EB 2008/94/R.22/Rev.1)**

14. The Executive Board approved a loan of SDR 8.10 million and a grant of SDR 0.34 million for this programme. The programme was commended for its alignment with Moldova's poverty reduction strategy and other relevant donors' programmes in the country. In addition, the programme's innovative aspects, particularly its emphasis on a participatory approach to value chain development, were highlighted. In reply to questions regarding the programme's focus on horticulture, it was explained that this value chain was selected because of its comparative advantage and its strong potential for poverty reduction. Finally, it was agreed that an assessment should be made of programme performance and the targets for cofinancing and other partnerships at mid-year review.

**Sudan: Southern Sudan Livelihoods Development Project
(EB 2008/94/R.23/Rev.1)**

15. The Executive Board approved a grant of SDR 8.6 million to the Republic of The Sudan to finance the Southern Sudan Livelihoods Development Project. The project was approved subject to the completion of the grant negotiations and with the provision that any substantive change resulting from negotiations would be submitted to the Executive Board at a future session. During its deliberations, the Board emphasized the importance of market and trade development, a post-conflict approach, land tenure and the link with the Government of Southern Sudan's strategy for agriculture.

Grant proposals

16. In endorsing their support for the grants under consideration, several Directors requested information on the IFAD Policy for Grant Financing, the criteria used for the selection of the grants submitted to this session for approval and how, for instance, the grant to the Commission on Family Farming of the Common Market of the South and the grant to the Uganda Women's Effort to Save Orphans were linked to IFAD's operations in the agricultural sector. It was clarified that the current grant policy, approved in December 2003, with its two strategic objectives of pro-poor innovation and capacity-building, provided both a strategic framework and specific criteria for the screening and selection of grants. While all the grants fully conformed to the strategic objectives and criteria, a more sharply defined policy is being developed and would be submitted for the Board's approval in December 2009. That policy would also provide a further rationale for IFAD's support to research and development initiatives through strategic partners and sister organizations such as the Food and Agriculture Organization of the United Nations.
17. The following grant proposals were approved by the ninety-fourth session of the Executive Board:
- (a) Grants under the global/regional grants window to non-CGIAR-supported international centres and organizations (EB 2008/94/R.26)
18. The following grants were approved under this category.
- (i) Kenya Gatsby Trust (KGT): Rural Finance Knowledge Management Partnership – Phase II.
19. A grant of US\$1,300,000 was approved by the Board.

- (ii) Commission on Family Farming of the Common Market of the South (MERCOSUR): Institutional Consolidation of the Commission on Family Farming of the Common Market of the South (MERCOSUR).
- 20. The Board approved a grant of US\$1,080,000. In doing so, the Director for the United States requested clarifications on the nature of the grant to the Commission on Family Farming (REAF). It was explained that REAF had generated a regional policy dialogue platform, which had led to a unified definition of family farming (*agricultura familiar*) in the MERCOSUR and to differentiated public policies, institutions and investments focused on this category of farmer. The existing links between IFAD operations and the policy dialogue platform were also clarified. The Director for Argentina commended IFAD for REAF's excellent results, which she considered one of the Fund's most important contributions in the subregion.
 - (iii) United Nations Economic Commission for Africa (UNECA): Support for the Formulation and Implementation of Pan-African Land Policy Guidelines.
- 21. A grant of US\$750,000 was approved by the Board. In approving this grant, the Director for Cameroon provided a statement praising the objectives and the importance of this support to an important Pan-African platform on land access and ownership.
 - (b) Grant under the global/regional grants window to a CGIAR-supported international centre (EB 2008/94/R.27)
 - (i) World Agroforestry Centre (ICRAF): Programme for Promoting Rural Innovation through Participatory Tree Domestication in West and Central Africa
- 22. A grant of US\$1,200,000 was approved by the Board.
 - (c) Grant under the country-specific grants window to the Uganda Women's Effort to Save Orphans (UWESO) for Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion (EB 2008/94/R.28)
- 23. In approving an IFAD grant to UWESO for US\$680,000, the Executive Board noted that the grant is aimed at developing savings and loan associations for the poorest and most vulnerable households. This support would enable them to improve their agricultural productivity.