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Enabling poor rural people
to overcome poverty

Report on approved project/programme proposals by the Executive Board

Executive Board — Ninety-eighth Session
Rome, 15-17 December 2009

For: **Information**

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

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Report on approved project/programme proposals by the Executive Board

I. Proposed loan to the Bolivarian Republic of Venezuela for the Orinoco Delta Warao Support Programme

1. In December 2008, the Executive Board considered the programme proposal contained in document EB 2008/95/R.35/Rev.1 and adopted the following resolution:

"RESOLVED: that the Fund shall make a loan to the Bolivarian Republic of Venezuela in various currencies in an amount equivalent to eight million eight hundred thousand special drawing rights (SDR 8,800,000) to mature on or prior to 15 December 2026 and to bear an interest rate equal to the reference interest rate per annum as determined by the Fund annually, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein."
2. The Executive Board approved the loan to the Bolivarian Republic of Venezuela for which negotiations had not been finalized prior to the Board's consideration, subject to the completion of negotiations within six months of Board approval and the condition that any important variations to the terms presented to the ninety-fifth session be brought to the attention of the Board at a future session.
3. In accordance with the conditions of Executive Board approval, negotiations were concluded on 14 May 2009. No variations were made to the terms presented to the ninety-fifth session and contained in document EB 2008/95/R.35/Rev.1.

II. Proposed loan to the Kingdom of Swaziland for the Rural Finance and Enterprise Development Programme

4. In December 2008, the Executive Board considered the programme proposal contained in document EB 2008/95/R.22/Rev.1 and adopted the following resolution:

"RESOLVED: that the Fund shall make a loan to the Kingdom of Swaziland in various currencies in an amount equivalent to four million and fifty thousand special drawing rights (SDR 4,050,000) to mature on or prior to 1 December 2028 and to bear an interest rate of one half of the reference interest rate per annum as determined by the Fund annually, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein."
5. The Executive Board approved the loan to the Kingdom of Swaziland for which negotiations had not been finalized prior to the Board's consideration, subject to the completion of negotiations within six months of Board approval and the condition that any important variations to the terms presented to the ninety-fifth session be brought to the attention of the Board at a future session.
6. In accordance with the conditions of Executive Board approval, negotiations were concluded on 12 May 2009. No variations were made to the terms presented to the ninety-fifth session and contained in document EB 2008/95/R.22/Rev.1.

III. Proposed loan to the Republic of the Philippines for the Rapid Food Production Enhancement Programme

7. In December 2008, the Executive Board considered the programme proposal contained in document EB 2008/95/R.26/Rev.1 and adopted the following resolution:

“RESOLVED: that the Fund shall make a loan to the Republic of the Philippines in various currencies in an amount equivalent to ten million six hundred and eighty-five thousand special drawing rights (SDR 10,685,000) to mature on or prior to 15 October 2028 and to bear an interest rate of one half of the reference interest rate per annum as determined by the Fund annually, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.”
8. The Executive Board approved the loan to the Republic of the Philippines on the basis of intermediate lending terms, which will require renegotiation with the Government. Should any important variations to the terms and conditions presented to the Board result from the negotiations, these will be submitted to a future session of the Board.
9. In accordance with the conditions of Executive Board approval, consultations and negotiations were held between December 2008 and August 2009. Annex I contains modifications to the President’s report on the Rapid Food Production Enhancement Programme and to the summary of important assurances included in the negotiated financing agreement (document EB 2008/95/R.26/Rev.1). For ease of reference the changes to the text of the report are shown in boldface.

IV. Proposed loan and grant to the Federal Republic of Nigeria for the Rural Microenterprise Development Programme

10. In December 2007 the Executive Board considered the programme proposal contained in document EB 2007/92/R.22/Rev.1 and adopted the following resolutions:

“RESOLVED: that the Fund shall make a loan to the Federal Republic of Nigeria in various currencies in an amount equivalent to twenty six million nine hundred thousand special drawing rights (SDR 26,900,000) to mature on or prior to 1 September 2047 and to bear a service charge of three fourths of one per cent (0.75 per cent) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Federal Republic of Nigeria in various currencies in an amount equivalent to two hundred and sixty thousand special drawing rights (SDR 260,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.”
11. The Executive Board approved the loan and grant proposal for the Federal Republic of Nigeria, for which negotiations had not been finalized prior to the Board’s consideration, on the condition that any important variations to the terms presented to the Board that might arise during negotiations be brought to the attention of the Board at a future session, before the signature of the relevant financing agreement.
12. In accordance with the conditions of Executive Board approval, negotiations were concluded on 3 September 2009. Annex II contains modifications to the President’s report on the Rural Microenterprise Development Programme and to the summary of important assurances included in the negotiated financing agreement (document EB 2007/92/R.22/Rev.1). For ease of reference the changes to the text of the report are shown in boldface.

Modifications to the President's report on the Rapid Food Production Enhancement Programme

Page ii, Abbreviations and acronyms

The following should be inserted:

"EC Commission of the European Communities"

Page v, Loan summary

(a) Total Programme cost should read:

US\$**42.24** million

(b) Cofinanciers should read:

European Community represented by the Commission of the European Communities (EC)

Food and Agriculture Organization of the United Nations (FAO)

Other

Footnote (a) should be deleted in its entirety

(c) Amount of cofinancing should read:

EC: EUR 10.00 million (equivalent to approximately US\$13.15 million)

FAO: US\$0.50 million

Other: US\$**0.50** million

(d) Contribution of the borrower should read:

US\$**11.79** million

(e) Contribution of beneficiaries should read:

US\$0.40 million

Page 1, paragraph 2

The paragraph should read:

"It is proposed that IFAD provide a loan to the Republic of the Philippines in the amount of SDR 10,685,000 (equivalent to approximately US\$15.90 million) on intermediate terms to help finance the Rapid Food Production Enhancement Programme. The loan will have a term of 20 years, including a grace period of 5 years, with an interest rate of one half of the reference interest rate per annum as determined by the Fund semi-annually."

Page 1, paragraph 3

The paragraph should read:

"The estimated remaining allocation for the Philippines under the 2007-2009 PBAS allocation cycle is US\$15.90 million. The Rapid Seed Supply Financing Project (RaSSFIP), costing US\$16.56 million, will be implemented in 2009, to be followed by the Irrigated Rice Production Enhancement Project (IRPEP) during the next six years from 2010 to 2015. It is hereby requested that the Executive Board approve a loan in the amount of US\$15.90 million. **The Commission of the European Communities (EC) has provided the amount of US\$13.15 million as a grant.** The remaining funding requirement of US\$**0.5** million will be sought ___ under the next PBAS cycle of 2010-2012, subject to Board approval."

Page 2, paragraph 7

The paragraph should read:

"IFAD will directly supervise the programme. There will be two detailed supervision

missions **during the first programme year (2009/2010)** for RaSSFIP. Thereafter, one supervision mission and one follow-up mission will be fielded each year for IRPEP."

Page 3, paragraph 13

The second sentence should read:

"The objective of RaSSFIP is increased paddy production in targeted provinces of regions 5, 6, 8 and 10, **and other provinces under the 2009-2013 Rice Self-Sufficiency Plan**, during the **2009/2010 cropping seasons**."

Page 4, paragraph 18

The second sentence should read:

"RaSSFIP has two components: (i) the acquisition and distribution of **803,750** bags (40 kg each) of certified inbred paddy seeds for the **2009/2010 cropping seasons**; and (ii) programme management."

Page 4, paragraph 19

The paragraph should read:

"There are seven expenditure categories: (i) civil works (**19.6** per cent of total costs); (ii) equipment, materials and vehicles (**0.7** per cent); (iii) training and studies (**9.2** per cent); (iv) advisory services (**5.0** per cent); (v) agricultural production inputs (**61.4** per cent); (vi) salaries and allowances (**3.2** per cent); and (vii) operation and maintenance (**0.9** per cent)."

Page 5, paragraph 24

The paragraph should read:

"The programme cost is US\$**42.24** million ___ over seven years. It will be financed by an IFAD loan of US\$15.90 million (about **37.6** per cent of the programme cost); **an EC grant of US\$13.15 million equivalent (31.1 per cent)**; a financier to be identified for US\$**0.5** million (**1.2** per cent); a FAO technical assistance grant of US\$**0.50** million (**1.2** per cent); a Government contribution of US\$**9.82** million (**23.3** per cent); contributions from local government units of US\$**1.97** million (**4.7** per cent); and an in-kind beneficiary contribution of US\$**0.40** million (**0.9** per cent)."

Footnote 2 should be deleted in its entirety.

Page 5, paragraph 25:

The first sentence should read:

"The direct benefit of the RaSSFIP is to increase paddy seed supply, which will increase paddy production by an estimated **385,800** tonnes for the **2009/2010 cropping seasons**, and for two or three **seasons** thereafter. Thus, about **1,116,319** households (about **5.6 million** people) will benefit from the certified inbred seeds."

Page 5, paragraph 26

The paragraph should read:

"The economic value of the incremental paddy production (**385,800** tonnes of paddy or **243,054** tonnes of milled rice), as a result of the certified inbred paddy seed distribution under RaSSFIP, is PHP **7,624.5** million or US\$**165.75** million. This represents a **saving** in rice imports of US\$**165.75** million. The return to labour will increase from PHP 470 per man-day per season to PHP 501 with the rehabilitation of CISs under the IRPEP. The programme's overall economic internal rate of return is estimated at **16** per cent for the base case. Cost increases of 10 per cent and 20 per cent would reduce the rate of return to about **14** per cent and **12** per cent, respectively."

Page 6, paragraph 29

The second sentence should read:

"The **EC made available** up to EUR 10.0 million to scale it up."

Annex

Page 8, the title of the annex should be replaced by:

"Important assurances included in the initialled programme loan agreement (Consultations and negotiations were held between December 2008 and August 2009)"

Page 8, paragraph 6

(a) The sub-paragraph 6(a) should read:

"IFAD 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 following events:"

(b) The sub-paragraph 6(a)(iv) should read:

"Procurement has not been or is not being carried out in accordance with the programme **financing** agreement."

(c) The sub-paragraph 6(b) should read:

"IFAD 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(s) ___ has/have not been satisfactorily completed within twelve (12) months after the end of the Fiscal Year."

Page 9, paragraph 7

The paragraph should read:

"The programme financing agreement will become effective ___ subject to the fulfilment of the following conditions precedent:

- (a) The Memorandum of Agreement including the implementation guidelines annexed thereto, in form and substance acceptable to IFAD, have been duly executed by the Department of Agriculture and the National Food Authority, **in accordance with the provisions of the programme financing agreement;**
- (b) **the special account(s) A1 and A2 have been duly opened in accordance with the programme financing agreement;**
- (c) the programme **financing** agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and
- (d) a favourable legal opinion, issued by the Secretary of Justice of the Government in respect of the matters set forth in the programme **financing** agreement and in form and substance acceptable to IFAD, has been delivered by the Government to IFAD."

Page 9, paragraph 8

The paragraph should read:

"No disbursements will be made: (a) in respect of the Irrigated Rice Production Enhancement Project (IRPEP) until the special accounts B1 and B2 have been duly opened in accordance with the programme financing agreement; (b) in respect of expenditures under all categories (except

category II – Agricultural Production Inputs and category VI – Operations and Maintenance) of the allocation table set forth in the programme financing agreement, until each of the National Irrigation Administration, National Food Authority and Department of Agriculture IRPEP project accounts have been duly opened in accordance with the programme financing agreement.”

Modifications to the President's report on the Rural Microenterprise Development Programme

Page ii, Abbreviations and acronyms should read:

“MSME micro-, small and medium enterprise
NEEDS National Economic Empowerment and Development Strategy
FMAWR Federal Ministry of Agriculture and Water Resources”

Page v, Financing summary

Executing agency should read:

“Federal Ministry of Agriculture and Water Resources”

Page 1, paragraph 5

The first sentence should read:

“The lead implementing agency – **the Federal Ministry of Agriculture and Water Resources (FMAWR)** – will open a special account in a commercial bank satisfactory to IFAD.”

All references to SMEDAN throughout the document (except in appendices I and II) should be replaced by:

“FMAWR”

Page 3, paragraph 18

The paragraph should read:

“There are six expenditure categories: (i) vehicles, equipment and materials (US\$3.3 million); (ii) technical assistance, surveys, studies and contracted support providers (US\$4.0 million); (iii) training and workshops (US\$5.8 million); (iv) development fund (US\$15.1 million); (v) salaries and operating costs: (a) salaries (US\$7.8 million) and (b) operating costs (US\$2.4 million); and (vi) unallocated (US\$4.3 million).”

Page 4, paragraph 19

The paragraph should read:

“The lead programme agency will be **FMAWR** _____. The key **partner is the Federal Ministry of Trade and Industry.**”

Page 4, paragraph 22

The first sentence should read:

“Apart from the programme financing agreement between IFAD and Federal Republic of Nigeria, **the borrower** will enter into a subsidiary **loan agreement(s)** and will sign separate agreements with participating state governments, participating local government councils, and communities to establish modalities of operation and affirm their financial commitments.”

Annex

Page 7, the title of the annex should be replaced by:

“Important assurances included in the initialled programme financing agreement (Negotiations were concluded on 3 September 2009)”

Page 7, paragraph 3

The paragraph should read:

"The Government will ensure that participating States and LGCs provide necessary financial support to strengthen the delivery of services for MSMEs development particularly rural micro enterprises **and other agroenterprises.**"

Page 7, paragraph 4

The paragraph should read:

"Technology assembly

The Government will set up **in the National Centre for Agricultural Mechanisation (NCAM)** a technology assembly **with membership inclusive of representatives of the Federal Ministry of Science and Technology,** ___ relevant research institutions, government agencies, business member organizations and industries. The assembly will be responsible for technology ___ standardization and certification, the establishment of necessary regulatory services and the monitoring process, and will put in place the policy and legal framework for the functioning of the system before programme year 4."

Page 7, paragraph 5

The paragraph should read:

"The Government will ensure that a strong monitoring and evaluation arrangement be established to measure efficiency of implementation and the impact of the programme on poverty alleviation ___."

Page 7, paragraph 6

The paragraph should read:

"Linkages with development programmes

The Government will ensure linkage of programme implementation with other development programmes ___."

Page 7, paragraph 7

A title is added to the paragraph to read: "**Baseline study**"

Page 7, paragraph 8

A title is added to the paragraph to read: "**Accounts**"

Page 8, paragraph 13

A new subparagraph 13(a)(i) is added to read:

"(i) Cooperation among the lead programme agency, other programme parties and implementing partners required to ensure achievement of the programme objectives has not been or is not being facilitated to the reasonable satisfaction of IFAD and the Government."

All subparagraphs are renumbered accordingly and the following subparagraphs should read:

"(iv) The subsidiary **loan agreement(s)**, or any provision thereof, **has(/ve)** been violated or ___ waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such violation or waiver, suspension, termination, amendment or other modification has had, or is likely to have, a material adverse effect on any portion of the programme.

(v) The microenterprise development fund memorandum of understanding (MEDF MOU), 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 implementation of **the programme** ____.

- (vi) Any** microfinance bank/microfinance institution memorandum of understanding (**MFB MOU/MFI MOU**), or any provision thereof, **has** been violated or **has** been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such violation or waiver, suspension, termination, amendment or other modification has had, or is likely to have, a material adverse effect on any portion of the programme.

Page 9, paragraph 14

The paragraph should read:

- “(a) Following the initial withdrawal of US\$400,000 referred to in the programme financing agreement, no withdrawals will be made from the loan account and the grant account until (i) the programme implementation manual and the financial administration and accounting manual for the lead programme agency have been approved by IFAD and adopted by the national steering committee substantially in the form approved by IFAD; (ii) the first draft annual workplan and budget including the first procurement plan has been submitted to IFAD; (iii) the Government has made the initial deposit of counterpart funds into programme account B in accordance with the programme financing agreement; (iv) the subsidiary loan agreements with no less than two participating states and the LGC MOUs with the respective six LGCs have been approved by the Fund in draft and a signed copy of such agreements has been delivered to IFAD, and all conditions precedent to the effectiveness thereof have been fulfilled; and (v) a computerized accounting system has been set up for the operations of the programme support unit (PSU).**
- (b) No withdrawals will be made under category IV (Development Fund) of the allocation table set forth in the programme financing agreement until the MEDF MOU and at least one MFB/MFI MOU have been approved by IFAD in draft; and a signed copy of such agreement has been delivered to IFAD; and all conditions precedent to the effectiveness thereof have been fulfilled.”**

Page 9, paragraph 15

The paragraph should read:

“The programme financing agreement will become effective subject to the fulfilment of the following conditions precedent:

- (a) The national steering committee has been duly established in accordance with the programme financing agreement;**
- (b) The PSU has been duly established in accordance with the programme financing agreement;**
- (c) The programme coordinator and financial controller have been selected in accordance with the programme financing agreement and the selections have been approved by IFAD;**
- (d) The special account, the grant bank account and the programme accounts have been duly opened in accordance with the programme financing agreement;**
- (e) The programme financing agreement has been duly signed, and the signature and performance thereof by the Government have been**

duly authorized and ratified by all necessary administrative and governmental action;

- (f) **The Government has delivered to IFAD a legal opinion issued by the Federal Ministry of Justice in form and substance acceptable to IFAD."**

