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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-ninth Session
Rome, 21-22 April 2010

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-ninth session of the Executive Board, and are in line with the Debt Sustainability Framework (DSF).
 - A. Western and Central Africa**
 - Cameroon: Commodity Value-Chain Development Support Project (EB 2010/99/R.14/Rev.1)**
 2. The Executive Board unanimously approved the provision of a loan of SDR 12.65 million to the Republic of Cameroon to finance the Commodity Value-Chain Development Support Project and commended the design team for the high-quality project. The Executive Board sought clarifications on (i) whether the two commodities supported by the project would be exported to regional markets; (ii) why the project does not target the Central Region of Cameroon; (iii) whether the proposed mitigation measures are sufficiently robust to address the risks identified; and (iv) how the project approach will increase the sustainability of the activities. Responses were provided to the Board's satisfaction. The Board recommended that the selection of local partners receive due attention.
 - Ghana: President's memorandum – Rural and Agricultural Finance Programme – Supplementary loan (EB 2010/99/R.15/Rev.1)**
 3. The Executive Board unanimously approved the provision of a supplementary loan of SDR 5.95 million to the Republic of Ghana to complete the financing plan for the Rural and Agricultural Finance Programme initially agreed at design. The supplementary financing does not imply any modification to the programme, which was approved in December 2008.
 - Democratic Republic of the Congo: President's memorandum – Agricultural Revival Programme in Equateur Province; Côte d'Ivoire: President's memorandum - Small Horticultural Producer Support Project – Modifications of supervision arrangements (EB 2010/99/R.47)**
 4. The Executive Board unanimously approved the modification of supervision arrangements for the Small Horticultural Producer Support Project (Republic of Côte d'Ivoire) and the Agricultural Revival Programme in Equateur Province (Democratic Republic of the Congo), currently supervised by the United Nations Office for Project Services (UNOPS), to direct supervision by IFAD. The Executive Board welcomed the conversion to direct supervision by IFAD in view of the particular needs of these crisis-affected countries.
 - B. Eastern and Southern Africa**
 - Burundi: Value Chain Development Programme (EB 2010/99/R.17/Rev.1)**
 5. The Executive Board approved a grant of SDR 25.9 million to the Republic of Burundi to finance the Value Chain Development Programme. The Board – in particular the Board representatives for Cameroon, Switzerland and the United States of America – commented on the programme's value to the Republic of Burundi, given its excellent design and alignment with the country's poverty reduction strategy programme and food security strategy. Said representatives were provided with clarifications on: (i) the need to involve the Belgian Fund for Food Security (BFFS) in further cofinancing of the programme in view of the work carried out by BFFS to enhance food security in Burundi; (ii) programme sustainability, given that the country is emerging from a post-conflict situation; (iii) land tenure; and (iv) implementation arrangements.

Eritrea: Fisheries Development Project (EB 2010/99/R.18/Rev.1)

6. The Executive Board approved the provision of a DSF grant amounting to SDR 8.25 million to Eritrea to finance the Fisheries Development Project. The Board acknowledged the importance of supporting Eritrea's fisheries sector, as this will positively affect fisher communities' livelihoods and enhance national food security. Furthermore, the Board recognized the potential role of the project in providing alternative sustainable economic activities in the Red Sea area, which is known for its geo-political instability and insecurity. In accordance with the United States' legislative mandates against international financial institution (IFI) assistance to the Government of Eritrea, the United States expressed its opposition to the proposed grant. This position will be duly recorded in the minutes of the session.

Uganda: Vegetable Oil Development Project – Phase 2 (EB 2010/99/R.19)

7. The Executive Board approved a loan of SDR 33.5 million. In approving this phase 2 project, the Executive Board noted its innovative nature with regard to public-private sector partnerships, and the priority given by the Government to modernizing the subsector. The Executive Board stressed the particular need to establish linkages between private operators and smallholder farmers for both oil seeds and oil palm development. The Board noted that much work had been devoted to the environmental issues related to oil palm development under the first phase, and that these efforts must be continued under the second phase.

C. Asia and the Pacific

Bangladesh: Char Development and Settlement Project IV (EB 2010/99/R.20/Rev.1)

8. The Executive Board approved a loan of SDR 30.86 million to the People's Republic of Bangladesh. In approving the loan, the Executive Board asked for clarification on the high allocation for civil works, the community scorecard approach, the law and order situation in the project area, and the land titling component. It was explained that the project design and high allocation for civil works are based on detailed feasibility studies, and envisaged embankments only for land that is sufficiently mature for empoldering. Furthermore, the project approach and components had been tried and tested in three previous project phases. It was pointed out that the community scorecard approach gives a strong voice to the beneficiaries of project-financed infrastructure, and provides IFAD's target groups with the opportunity to express their views on the quality of the civil works undertaken. It was clarified that the project area's current law-and-order problems stem from extreme isolation and the limited presence of state organizations (local government, police, schools, hospitals, etc.). The experience of the previous three project phases has shown that as the area develops economically and roads are built, its isolation diminishes and the organs of the state are brought closer to the population. This fact, combined with the increasing presence of the private sector and NGOs, will reduce the incidence of crime over time. Finally, it was clarified that the targets for land titling are based on the rates achieved under previous project phases and that the target of 20,000 households can therefore be considered realistic. The Executive Board representative for the Netherlands confirmed that the Netherlands will provide US\$20.6 million in cofinancing for the project and that US\$5 million of this amount will be provided starting from project year three. In response, IFAD stated that this change in the phasing of cofinancing would not cause problems for the project, and that IFAD would adjust the financing arrangements in consultation with the Government of Bangladesh.

Bangladesh: Participatory Small-scale Water Resources Sector Project – Supplementary loan (EB 2010/99/R.21/Rev.1)

9. The Executive Board approved a supplementary loan of SDR 6.525 million to the People's Republic of Bangladesh. In approving the loan, the Executive Board asked for clarification on the project approach to operation and maintenance (O&M). It was explained that as part of the planning process for the water resource

subprojects, the project would require an O&M strategy containing a specific phase for beneficiaries where plans would be discussed and agreed upon.

Papua New Guinea: Productive Partnerships in Agriculture Project (EB 2010/99/R.22/Rev.1)

10. The Executive Board approved the provision of a loan to Papua New Guinea in the amount of SDR 9.22 million to help finance the Productive Partnerships in Agriculture Project. In approving the loan, the Executive Board commended the project's engagement with the Cocoa Board and Coffee Industry Corporation, both of which were seen as working effectively in the country. The Executive Board expressed concerns about the risks related to cocoa pod borer pests and those associated with procurement, financial management, and law and order. The Executive Board also sought clarification on the (i) high percentage of expenditure categories related to consultant services; (ii) unclear targeting approach; (iii) high unallocated amount; (iv) unquantifiable results framework; and (v) provisions for communication among regions. On the latter, it was recommended that South-South cooperation in Latin America (Guatemala, Mexico, etc.) be explored.

Viet Nam: Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province (3EM) (EB 2010/99/R.23/Rev.1)

11. The Executive Board approved the provision of a loan and a grant to the Socialist Republic of Viet Nam in the amount of SDR 12.8 million and SDR 0.33 million respectively to help finance the Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province (3EM). In approving the loan and grant, the Executive Board members from India, Mexico, Switzerland and the United States of America raised questions about bauxite mining and how the IFAD project planned to work in a province with these activities ongoing, as this area is beyond the scope of the project. Further clarifications were sought as to whether it was the project area or the nature of the project activities that had led to the environmental classification of category A. It was explained that pursuant to IFAD's environmental assessment procedures, the project had been assigned to category A in view of the environmental sensitivity of bauxite mining activities in the Dak Nong province. It was also explained that the project would help the province undertake an environmental assessment. The project would ensure that the potential impacts of bauxite projects in the province would be discussed with the project steering committee and that the findings of the Environmental Impact Assessments by the concerned companies would be disseminated. Participatory consultations with the people would be held during the planning process to ensure prior information and consent. Project financing had been set aside for environment monitoring and capacity-building. In addition, failure to adequately protect the interests of the project target group would lead to a readjustment of project activities, and possibly their cancellation. With regard to partnerships, it was mentioned that a number of good practices in the province have been tested by Gesellschaft für Technische Zusammenarbeit (GTZ), which the project intends to scale up. The Board representative for Germany mentioned that GTZ and IFAD were partnering in Viet Nam and that the experience has been positive. Finally, IFAD would hold discussions with the Viet Nam Bank for Agricultural and Rural Development to ensure more effective partnership and implementation.

D. Latin America and the Caribbean

Dominican Republic: Rural Economic Development Project in the Central and Eastern Provinces (EB 2010/99/R.24/Rev.1)

12. The Executive Board unanimously approved a loan of SDR 9.25 million to the Dominican Republic to finance the Rural Economic Development Project in the Central and Eastern Provinces. The Executive Board recognized the importance of this project as part of IFAD's scaling up strategy in the country. It also stressed the benefits of an expanded country programme in the Dominican Republic to strengthen cooperation and synergies with Haiti. In response to questions from some Executive Board members, the project strategy to improve the

competitiveness of selected pro-poor value chains was explained. In addition, IFAD would work in partnership with the Inter-American Development Bank to build country capacity to manage value chain development effectively and efficiently.

Guatemala: Sustainable Rural Development Programme in El Quiché (EB 2010/99/R.25/Rev.1)

13. The Executive Board approved a loan of SDR 10.90 million and a grant of SDR 0.33 million to the Republic of Guatemala. The Executive Board members commended this proposed programme and highlighted the value chain as a key element of development. The creation of a *cuenta unica* will guarantee transparency in IFAD operations; Guatemala is one of the active portfolios in the region and pioneer in project activities. The Executive Board members recommended strengthening coordination with other donors in the programme area and with other social programmes, monitoring the expected results, improving rural finance services and developing mitigation activities in order to reduce the time needed for approval by Congress. The Secretariat noted that IFAD is in close contact with Congress representatives with a view to speeding up the approval process for all IFAD projects in Guatemala. Danish International Development Assistance (DANIDA), the United States Agency for International Development (USAID) and IFAD already collaborate closely with the private sector in support of value chain and access to markets. The proposed programme is harmonized with other government social programmes to avoid duplication of activities. The experience accumulated in monitoring and evaluation in IFAD's ongoing programmes will be used as a platform to monitor the expected results of this new programme. With regard to rural finance services, the programme will mobilize rural financial institutions and a trust fund set up under the IFAD-financed Programme for Rural Development and Reconstruction in the Quiché Department (now closed) to support rural organizations.

E. Near East and North Africa

Somalia: North-western Integrated Community Development Programme – Phase II (EB 2010/99/R.48)

14. Board members welcomed the proposed grant of US\$5,658,400 to Somalia, funded through the IFAD/Belgian Fund for Food Security Joint Programme. In doing so, Board members commended IFAD for working in the most challenging and difficult countries. IFAD was encouraged to continue to address the needs of countries and populations with pronounced levels of hunger and malnutrition; and to expand, to the extent possible, operations in areas such as north-western Somalia, thereby demonstrating the feasibility of continuing development operations in the country.

Yemen: Economic Opportunities Programme (EB 2010/99/R.26/Rev.1)

15. The Executive Board approved a grant of SDR 8.5 million to the Republic of Yemen to help finance the Economic Opportunities Programme. In approving the grant, the Board commended the strategy of creating economic opportunities and jobs in rural areas, of establishing an innovative public-private partnership for programme management, and of attracting cofinancing from various partners. Clarification was provided regarding the technical assistance elements of the programme.

Grant proposals

16. Under this agenda item, reference was made to the informal Executive Board seminar on IFAD's engagement with the Consultative Group on International Agricultural Research (CGIAR) system and its partners. In response to questions by Board members, it was noted that IFAD's engagement with the CGIAR system was productive and long-established and that IFAD would continue to invest in specific pro-poor adaptive research and capacity-building programmes.

17. The following grant proposals were approved by the ninety-ninth session of the Executive Board.

(a) Grant under the global/regional grants window to a CGIAR-supported international centre (EB 2010/99/R.27)

(i) International Center for Agricultural Research in the Dry Areas (ICARDA): Improving the Livelihoods of Rural Communities in the Dry Areas – Sustainable Crop and Livestock Management

A grant of US\$1.0 million was approved. It was clarified that the research would be embedded in IFAD's investment projects with development partners. Clarification was provided regarding the nature of outcomes, especially in rainfed farming systems, the importance of addressing pest management and post-harvest losses, the reduction in inorganic fertilizers, and water management techniques, all of which form part of holistic farming systems research. The global public goods nature of the research was highlighted and it was clarified that the grant would finance incremental research, building on past ICARDA investments. Capacity-building would be strengthened and would focus on downstream extension agents to help with the dissemination of promising technology options. It would be important to involve policymakers in influencing the research and development agenda in national systems, in order to take full advantage of the successful products and outputs of the research programme.

In accordance with the United States' legislative mandates against IFI assistance that benefits the Governments of Eritrea and The Sudan, the United States expressed its opposition to the ICARDA grant proposal. This position will be duly recorded in the minutes of the session.

(b) Grants under the global/regional grants window to non-CGIAR-supported international centres (EB 2010/99/R.28)

(i) RIMISP – Latin American Center for Rural Development: Knowledge for Change – Policy Processes for Poverty Impact

The Board members unanimously approved a grant of US\$1,824,000. In discussing the grant, the Executive Board members commended IFAD's collaboration with the International Development Research Centre and the Latin American Center for Rural Development (RIMISP). The grant seeks to strengthen policies that support family agriculture, including an increase in public expenditure for the rural sector. During implementation, particular attention will be given to gender issues and gender policies for the rural sector.