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Enabling poor rural people
to overcome poverty

President's memorandum

Proposed supplementary loan to the Republic of Ghana for the

Rural and Agricultural Finance Programme

Executive Board — Ninety-ninth Session
Rome, 21-22 April 2010

For: **Approval**

Note to Executive Board members

This document is submitted for approval by the Executive Board.

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Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed supplementary financing to the Republic of Ghana for the Rural and Agricultural Finance Programme, as contained in paragraph 7.

President's memorandum

Proposed supplementary loan to the Republic of Ghana for the

Rural and Agricultural Finance Programme

I. Background

1. This memorandum seeks approval for additional financing of US\$9.00 million, equivalent to SDR 5,950,000, for the Rural and Agricultural Finance Programme, approved by the Executive Board in December 2008.
2. As highlighted in paragraph 3 of the relevant President's Report (EB 2008/95/R.18/Rev.1), IFAD's total financing for this programme was planned at US\$15 million. The initial amount of US\$6.00 million was the second for Ghana under the 2007-2009 PBAS allocation period and absorbed the funds available under this allocation. The remaining funding of US\$9.00 million is now available under the 2010-2012 PBAS cycle and it is sought to be approved to complete IFAD's financing envelope for this programme.
3. The supplementary financing upon availability of additional funds was subject to the loan negotiations on the programme held in November 2008 between the Government of Ghana and IFAD. In a letter dated 17 February 2010, the Minister of Finance and Economic Planning confirmed the borrower's continued interest in a supplementary loan to complete the agreed IFAD financing for this programme.

II. Justification and rationale

4. The requested supplementary financing is essential to complement the funding envisaged by IFAD for the Rural and Agricultural Finance Programme. It is fully in line with the programme design, which was negotiated with the Government of Ghana. Thus the supplementary financing requires no alteration of the initial financing plan for the programme.

III. Programme costs

5. The total programme cost is US\$41.87 million over six years. The sources of financing are: (i) IFAD, with a loan of US\$6.00 million (14 per cent) approved in December 2008 and the requested supplementary loan of US\$9.00 million (21 per cent); (ii) the African Development Bank, with a loan of US\$4.94 million (12 per cent); (iii) Italy, with supplementary grant funding of US\$1.51 million (4 per cent); (iv) the World Bank, with a contribution of US\$7.14 million (17 per cent), (v) the Government, US\$3.41 million (8 per cent); (vi) financial institutions, US\$2.34 million (6 per cent); and (vii) other beneficiaries, US\$7.53 million (18 per cent).

IV. Proposed modifications to the loan agreement

6. Upon approval by the Executive Board, the loan agreement will be amended to reflect the supplementary IFAD financing. As this supplementary financing completes the financing plan initially agreed at design, it does not imply any modification to the programme description.

V. Recommendation

7. I recommend that the Executive Board approve the proposed supplementary financing in terms of the following resolution:

RESOLVED: that the Fund shall make a supplementary loan to the Republic of Ghana on highly concessional terms in an amount equivalent to five million nine hundred and fifty thousand special drawing rights (SDR 5,950,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

