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Investing in rural people

## President's memorandum

Proposed supplementary loan and grant to the Republic of the Niger for the Family Farming Development Programme (ProDAF) in the regions of Maradi, Tahoua and Zinder

### Note to Executive Board representatives

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For: Approval

## Recommendation for approval

The Executive Board is invited to approve the recommendation on proposed supplementary financing for the Republic of the Niger for the Family Farming Development Programme (ProDAF) in the regions of Maradi, Tahoua and Zinder, as contained in paragraph 18, and the amendments made to the financing agreement as contained in paragraph 14.

## President's memorandum

### Proposed supplementary loan and grant to the Republic of the Niger for the Family Farming Programme (ProDAF) in the regions of Maradi, Tahoua and Zinder

#### I. Strategic context and rationale

1. The Family Farming Development Programme (ProDAF) in the regions of Maradi, Tahoua and Zinder was approved by the Executive Board in April 2015 (EB 2015/114/R.8/Rev.1). The programme was funded by the following donors: (i) IFAD, thanks to the harmonization of annual workplans and budgets (AWP/Bs) of the Project to Support Food Security in the Region of Maradi (PASADEM) and the Ruwanmu Small-scale Irrigation Project (PPI-Ruwanmu), now under way (US\$10.5 million) with that of ProDAF, as well as financing under the performance-based allocation system (PBAS) 2013-2015 (US\$48.5 million – 50 per cent grant and 50 per cent loan) and funding under the Adaptation for Smallholder Agriculture Programme (ASAP) in the form of a grant for US\$13.0 million; (ii) the Global Environment Fund (GEF), with a grant for US\$8.0 million, to be confirmed; (iii) the OPEC Fund, with a loan for US\$6.0 million; (iv) Italian Development Cooperation, with a loan for US\$28.2 million; (v) the Government of the Niger, with US\$33.4 million, of which US\$18.6 million in the form of tax exemptions and US\$14.8 million in the form of counterpart contributions; and (vi) the beneficiaries, with US\$11.1 million. A funding gap in the amount of US\$48.5 million was attributable to the fact that the PBAS allocation for the Niger was depleted.
2. In view of the satisfactory performance of the Niger portfolio, an amount of approximately US\$25.0 million has been allocated to this programme to cover that deficit in part under the current PBAS cycle (2016-2018), in accordance with IFAD guidelines on supplementary financing. A new submission will be made to the Executive Board to cover the balance. The programme concepts, components, subcomponents, expenditures, cost-benefit analysis, results matrix, monitoring and evaluation (M&E) and institutional arrangements remain unchanged.
3. This memorandum submits to the Executive Board for approval the extension of supplementary financing in the amount of US\$25.0 million (equivalent to approximately SDR 18.2 million) under the PBAS cycle 2016-2018.

#### II. Programme implementation status

4. The financing agreement for this programme was signed on 25 July 2015 and entered into effect on 21 September 2015. The first steering committee meeting took place on 9 September and the first AWP/B 2016, in the amount of US\$23.5 million (including all resources), was approved on 1 October 2015. The start-up workshop was held on 28 January 2016. A first withdrawal request for US\$500,000 was transmitted on 30 November 2015 and paid on 18 December 2015. In February 2016, IFAD processed a second withdrawal request for US\$4.25 million.

Programme completion is planned for 30 September 2023 and closing for 31 March 2024. All institutional and operational arrangements for implementation are in place in all three regions and in Niamey.

### III. Programme cost and financing

5. Supplementary financing in the amount of US\$25.0 million – 50 per cent in the form of a loan on highly concessional terms and 50 per cent in the form of a grant under the Debt Sustainability Framework (DSF) – will be used to effect a proportional increase in previously planned activities and will not change the programme description in any way.
6. Table 1 presents a breakdown of costs by component and source of financing.

Table 1

#### Programme cost by component and funding source

(Thousands of United States dollars)

Components	PBAS IFAD 13-15 50% loan–50% grant		PBAS IFAD 16-18 (First allocation) 50% loan–50% grant		PBAS IFAD 16-18 (Second allocation)		ASAP		FEM		Beneficiaries		Government		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>A. Strengthening sustainable family farming</b>																
1. Structured, productive farms resilient to climate risks	15 774.5	22.0	8 029.19	11.2	7 714.32	10.8	10 122.3	14.1	7 061.6	9.9	9 724.4	13.6	13 169.1	18.4	71 595.5	44.1
2. Capacity-building for rural dwellers	6 173.4	42.1	3 161.03	21.5	3 037.07	20.7	1 365.4	9.3	-	-	128.0	0.9	815.7	5.6	14 680.6	9.0
3. Women's leadership and improvement of nutrition security	2 812.6	44.0	1 434.43	22.5	1 378.17	21.6	-	-	-	-	-	-	762.9	11.9	6 388.0	3.9
Subtotal Strengthening sustainable family farming	24 760.5	26.7	12 624.59	13.6	12 129.51	13.1	11 487.7	12.4	7 061.6	7.6	9 852.4	10.6	14 747.8	15.9	92 664.1	57.0
<b>B. Access to markets</b>																
1. Structures for access to marketing platforms	12 662.4	32.5	6 457.82	16.6	6 204.58	15.9	-	-	-	-	-	-	13 670.6	35.1	38 995.4	24.0
2. Modes of infrastructure management and financing of economic operators	3 267.3	39.4	1 666.32	20.1	1 600.98	19.3	-	-	-	-	1 286.0	15.5	469.3	5.7	8 289.8	5.1
3. Regional trade integration	1 720.6	44.0	877.51	22.5	843.09	21.6	-	-	-	-	-	-	466.6	11.9	3 907.8	2.4
Subtotal access to markets	17 650.2	34.5	9 001.60	17.6	8 648.6	16.9	-	-	-	-	1 286.0	2.5	14 606.5	28.5	51 192.9	31.5
<b>C. Programme management and coordination, M&amp;E and knowledge management</b>																
	6 084.2	32.6	3 102.94	16.6	2 981.26	16.0	1 482.8	7.9	964.4	5.2	-	-	4 045.4	21.7	18 660.9	11.5
<b>Total</b>	<b>48 494.9</b>	<b>29.8</b>	<b>24 729.14</b>	<b>15.2</b>	<b>23 759.37</b>	<b>14.6</b>	<b>12 970.5</b>	<b>8.0</b>	<b>8 026.0</b>	<b>4.9</b>	<b>11 138.4</b>	<b>6.9</b>	<b>33 399.7</b>	<b>20.6</b>	<b>162 518.0</b>	<b>100.0</b>

7. In accordance with the programme design, funds will be allocated to the expenditure categories listed in table 2.

Table 2  
**Programme cost by expense category and funding source**  
 (Thousands of United States dollars)

Expense category	PBAS IFAD 13-15 50% loan-50% grant		PBAS IFAD 16-18 (1 <sup>st</sup> allocation) 50% loan-50% grant		PBAS IFAD 16-18 (2 <sup>nd</sup> allocation)		ASAP		GEF		Beneficiaries		Government		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Works	20 991.3	31.3	10 525.5	15.7	10 112.7	15.10	1 893.9	2.8	3 023.8	4.5	128.0	0.2	20 285.3	30.3	66 960.6	41.2
2. Vehicles	1 277.1	30.2	728.9	17.3	700.3	16.58	293.9	7.0	87.8	2.1	-	-	1 135.0	26.9	4 223.0	2.6
3. Equipment and supplies	1 000.6	34.0	510.3	17.3	490.3	16.66	109.1	3.7	67.5	2.3	-	-	765.2	26.0	2 943.0	1.8
4. Training	1 827.7	37.4	935.2	19.1	898.5	18.37	376.9	7.7	36.1	0.7	-	-	815.5	16.7	4 890.0	3.0
5. Consultancies	6 930.7	33.5	3 523.4	17.0	3 385.3	16.35	1 693.3	8.2	500.4	2.4	-	-	4 675.8	22.6	20 708.9	12.7
6. Goods, services and inputs	7 154.4	25.7	3 756.2	13.5	3 608.9	12.95	6 907.1	24.8	3 792.8	13.6	-	-	2 645.1	9.5	27 864.5	17.1
7. Grants and subsidies	2 634.3	16.2	1 343.5	8.3	1 290.8	7.93	-	-	-	-	11 010.3	67.6	-	-	16 278.9	10.0
8. Salaries and benefits	5 637.2	36.4	2 875.0	18.6	2 762.2	17.84	1 324.9	8.6	382.4	2.5	-	-	2 498.6	16.1	15 480.3	9.5
9. Operating costs	1 041.4	32.9	531.1	16.8	510.3	16.10	371.5	11.7	135.2	4.3	-	-	579.2	18.3	3 168.7	1.9
<b>Total</b>	<b>48 494.9</b>	<b>29.8</b>	<b>24 729.1</b>	<b>15.2</b>	<b>23 759.4</b>	<b>14.62</b>	<b>12 970.5</b>	<b>8.0</b>	<b>8 026.0</b>	<b>4.9</b>	<b>11 138.4</b>	<b>6.9</b>	<b>33 399.7</b>	<b>20.6</b>	<b>162 518.0</b>	<b>100.0</b>

#### IV. Financial management, procurement and governance

8. The programme planning will be a continuous process based on the AWP/B. The M&E system will be built around the logical framework as a management and decision-making tool for all implementation partners. The programme's automated database will be directly linked to the geographic information system (GIS) to enable the programme results to be mapped and viewed.
9. The ProDAF planning and M&E system will expand the sphere of action of IFAD's existing systems in the Niger and will ultimately harmonize them within a single unique database, GIS and procedures manual. When the AWP/B was prepared, quantitative targets were set by region and by implementation phase at programme start-up, upon review of the logical framework together with stakeholders. Two interim reviews and a completion evaluation are planned to compare observed changes with the baseline situation.
10. ProDAF is based on a reliable and rigorous internal fiduciary control and management system and on a qualified team inherited from IFAD projects under way, which have achieved outstanding performance levels. A designated account has been opened in CFA francs in the programme's name in Niamey, at a commercial bank agreed to by IFAD. An operating account has been opened in CFA francs for each project regional management unit (PRMU) and the national technical assistance unit (CENAT), four in all. Each of these accounts will receive deposits of funds from the designated accounts opened in Niamey, one for each donor, based on requests for funds by PRMUs to meet quarterly cash flow needs. At the request of CENAT, which is tasked, inter alia, with quality control, consistency and financial consolidation, the account will be operated and managed on a revolving fund basis.
11. Thanks to this innovative procedure, the programme may receive a substantial advance to cover projected six-month expenses, based on the AWP/B. The use of funds will be justified on a regular basis from time to time. The existing project teams make regular and optimal use of the latest version of the financial management software Tompro, which is fully satisfactory for the preparation of reimbursement requests and monthly reports.

12. The procurement arrangements are consistent with the prevailing laws, decrees and legal provisions setting forth the general governing principles, control and regulation of public contracts and outsourcing of public services, ex ante control of procurement procedures exercised by the Public Procurement Oversight Directorate, and financial commitments; and setting procurement thresholds for the Government, public establishments, government enterprises and enterprises with a majority public interest, on one hand, and territorial and local collectivities, on the other.
13. The ProDAF accounts are audited once a year by a qualified, independent audit firm.

## V. Proposed amendments to the financing agreement

14. Subject to the approval of this supplementary financing by the Executive Board, the financing agreement will be amended accordingly. This financing complements the financing plan initially approved at programme design, and entails neither a change in the programme description, area or target groups nor the creation of any new expense category.

## VI. Legal instruments and authority

15. An amendment to the financing agreement between the Republic of the Niger and IFAD will constitute the legal instruments for extending the proposed financing to the borrower/recipient.
16. The Republic of the Niger is empowered under its laws to receive financing from IFAD.
17. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

## VII. Recommendation

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

RESOLVED: That the Fund shall provide a loan on highly concessional terms to the Republic of the Niger in an amount equivalent to nine million one hundred thousand special drawing rights (SDR 9,100,000), and 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 under the Debt Sustainability Framework to the Republic of the Niger in an amount equivalent to nine million one hundred thousand special drawing rights (SDR 9,100,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President