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Enabling the rural poor
to overcome poverty

IFAD Policy for Grant Financing in relation to the debt sustainability framework

Executive Board — Ninetieth Session
Rome, 17-18 April 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Recommendation for approval

With the programme of work for 2007 agreed by the Executive Board to include a country grant window of US\$15.1 million management recommends that the Executive Board approve the proposal that, in the light of the approval by the Board of the DSF policy, IFAD should:

“continue to implement the grants policy and procedures as amended in December 2003 and reviewed in September 2005, but at a reduced level for the country grant window, and allocate up to 1.5 per cent of the annual programme of work for the country grant window to those countries classified under DSF as loan-only countries in line with PBAS allocations.”

Abbreviations and acronyms

DSA Debt sustainability assessment
DSF Debt sustainability framework

IFAD Policy for Grant Financing in relation to the debt sustainability framework

I. Introduction

1. The report of the Consultation on the Seventh Replenishment (GC 29/L.4) adopted by the twenty-ninth session of the Governing Council of IFAD recommended that commencing in 2007, IFAD should adopt the IDA model of a debt sustainability framework (DSF) to govern the allocation of assistance to countries eligible for highly concessional assistance and with high to moderate debt-distress risk.
2. The report of the Consultation on the Seventh Replenishment stipulated that IFAD management should submit to the Executive Board in September 2006 proposals for the operation of the DSF. In addition, the Consultation recommended that the Executive Board will review, at the same time, the IFAD Policy for Grant Financing in the light of the adoption of the DSF, taking into account the impact of the Multilateral Debt Relief Initiative (MDRI) on the level of IFAD assistance projected to be provided on DSF terms.
3. The Governing Council subsequently adopted Resolution 141/XXIX/Rev.1 amending Article 7, section 2 (a) and Article 7, section 2 (b) of the Agreement Establishing IFAD to provide an enabling framework for the implementation of a DSF in IFAD. This included the amendment that the financing provided under the DSF would not fall within the grant ceilings established by the Agreement.
4. In the September 2006 Executive Board, presentation of IFAD's proposals was deferred to the April 2007 session of the Executive Board to allow IFAD to take into account any modifications to the operation of the DSF in IDA that might be made in the context of the IDA 14 mid-term review. The Board met for informal discussions on the proposed debt sustainability framework (DSF) at IFAD on Friday, 16 February 2007. This paper provides the basis for the review of the IFAD Policy for Grant Financing in the light of the adoption of the DSF.

II. The effect of the introduction of the DSF on the grants programmes of the IFIs

5. While the World Bank has adopted the DSF and a final decision by the AsDB board is pending, nevertheless, both institutions maintain grant financing mechanisms outside both the DSF and PBAS in order to pursue their respective mandates. The World Bank's Development Grant Facility (DGF) has the objectives of "encouraging innovation; catalyzing partnerships and broadening Bank services" through two financing windows, one for long term development work (agricultural and health research) and a second for providing 'seed' money to pilot new approaches and ideas. Apart from support to CGIAR alongside IFAD, the Bank also supports interventions that parallel involvement in, for example, CGAP and the Global Donor Platform for Rural Development. The AsDB uses its "Advisory Technical Assistance" (ADTA) for support to developing member countries, for institutional strengthening, sector and policy studies, and non-project related capacity building and human resource development.
6. The introduction of the DSF in the World Bank has however, in addition made available significant resources on grant terms to countries out of the agreed PBAS allocations. Grant eligibility is based on countries' risk of debt distress, as analysed by the Debt Sustainability Assessment (DSA) with allocations determined by the PBAS, i.e. country allocations are affected both by needs and performance but also, now, by debt sustainability considerations. As such, the DSF determines the financing terms for PBAS determined allocations and has become the only criteria

for grant eligibility for IDA financing, providing a “clear and analytically based criterion for allocating grants, eliminating any ambiguity”¹.

7. The AfDB has adopted the DSF and has used their own DSA analysis (coordinated with the World Bank) to categorise countries and determine financing terms. However, in recognising the need for technical assistance, institutional support and capacity building in all member states, the Member States² of AfDB have, retroactive to 1st January 2006, approved a facility of up to 80 million UAs³ to allow countries categorised as ‘loan only’ (i.e. green) recipients to access a portion of their country allocation (as defined by the PBAS) for technical assistance and institutional support under grant terms. Grant-eligible countries (with no arrears) may use any share of their PBAS defined grant allocation for a similar purpose.
8. With regard to the implementation and impact of the MDRI, both the World Bank and AfDB provide debt relief to those countries that have achieved Completion Point under the HIPC-DI. The additional debt relief provided is then factored into the Debt Sustainability Assessments undertaken and the DSF categorisation adjusted accordingly. IFAD follows the IDA methodology and applies the country categorisation to the ‘active’ countries in the programme pipeline. As IDA makes adjustments to country assessments these will subsequently be adopted by IFAD.

III. The IFAD Policy for Grant Financing

9. The Report of the Consultation of the VI Replenishment recommended that, starting from 2004, the grant programme should be raised from the current 7.5 per cent to 10 per cent of the annual programme of work. IFAD’s revised Policy for Grant Financing⁴ was subsequently approved by the Executive Board in December 2003. In line with the recommendations made in the Consultation report, the new policy increased the share of IFAD’s grants from regular resources from 7.5 per cent of the POW&B to 10 per cent. Secondly, in terms of grant types, the Grant Policy created two mutually exclusive ‘windows’: one for “Global and Regional Grants”, and one for “Country-Specific Grants”. The increase in grant resources (2.5 per cent) was applied entirely to country-specific initiatives and from 2004 the grant programme represented 10 per cent of the proposed IFAD Programme of Work in the year.
10. As agreed in the 2003 Grant Policy, grant proposals would be global/regional or country-specific depending on the nature of the innovation and impact envisaged. The two strategic objectives of the grant programme, representing priority areas for IFAD’s regular grant resources, were defined as:
 - (i) promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and/or⁵
 - (ii) building pro-poor capacities of partner institutions, including CBOs (Community-Based Organizations) and NGOs.
11. The IFAD Grants policy was reviewed by the Executive Board in September 2005⁶ and summarised the progress that IFAD has made in implementing the Grant Policy since its approval. Firstly, grants to international and regional bodies for agricultural research continued to accentuate IFAD’s specific mandate and approach focusing on the needs of the rural poor, their involvement in the research process and the importance of seeking innovative results. Secondly, the emphasis has continued on

¹ “Assessing Implementation of the IDA14 Grants Framework”. Resource Mobilisation, IDA 14 Mid-term Review. October 2006.

² ADF Board of Governors: Resolution F/BG/2006/14.

³ Units of Account, the AfDB accounting unit. 80 million are equivalent to US\$121 million.

⁴ (EB 2003/80/R.5)

⁵ “and/or” was introduced and approved by the Executive Board in the 2005 review to clarify eligibility criteria for support for capacity development.

⁶ (EB 2005/85/R.2)

identifying and supporting CBOs and NGOs to pilot new or innovative approaches or technologies and with a clear learning mechanism to facilitate replication. To support this emphasis, the Executive Board approved an amendment to the grant eligibility criteria that ensured that grants will be provided only to developing Member states, to intergovernmental organizations in which such Member States participate, to civil society organizations (CSOs)⁷ and IFAD-hosted initiatives whose proposed activities comply with either one or both of the grant programme's strategic objectives.

12. Thirdly, the 2005 Review recognized that the introduction of the country specific window has been one of the important changes brought about by the revised Grant Policy. This window has the potential to strengthen IFAD's capacity to engage in strategic and catalytic activities in the areas of knowledge management, policy dialogue and analysis, and partnership. Small grants have also been invaluable for piloting innovative approaches for rural poverty alleviation that can then be upscaled through loans. Country grants have also contributed to moving from a project-by-project approach at country level to a program approach supporting linkages between loan-financed projects.
13. IFAD has, as noted above, increased to 10 per cent the share of IFAD's grants from regular resources and, as approved by the Executive Board in December 2006, the 2007 Programme of work and Budget⁸ included a gross grant programme of US\$60.5 million. As agreed in the 2003 revised Policy for Grant Financing 50 per cent is allocated to the country-specific grants window of which a further 50 per cent is transferred to PDFF for project development costs such as strategy development (now subsumed by COSOPs), formulation of loans & grants, environmental assessment and start up costs, which were originally categorized as services to member states prior to the introduction of PDFF. US\$15.1 million is therefore transferred to PDFF and US\$15.1 million transferred to country grants for the 2007 programme, effectively, 2.5 per cent of regular resources.
14. The introduction of the PBAS system in 6th Replenishment also meant that, from 2005, country specific grants were linked directly to PBAS with regional and country shares with the allocation to each of the countries using the same performance rating formula as used in allocating IFAD's loan resources. Subsequent PBAS annual country allocations have included those funds allocated for country level grants including the 2007-09 allocations of 'active' countries, with 2007 as actual and 2008/09 as indicative. In no case has a country's allocation of IFAD resources for loans and/or country grants exceeded the PBAS allocation.⁹

IV. Current use of Regional and Global grant financing

15. Grants approved under the Regional and Global window continue to focus on initiatives that create options for poverty reduction by promoting knowledge and information exchange, using regional research and innovation networks and strategic partnerships in technology development and institutional innovations. Drawing on the IFAD grant policy objectives of promoting innovative pro-poor R&D and/or building pro-poor capacities, the 2007 POW for grants under the regional global grants window will focus on initiatives that create suitable options for rural development projects. The 2007 grants would promote pro-poor knowledge and information exchange networks – with a focus on self-targeting mechanisms such as pro-poor crops and commodities (e.g. cassava, neglected and underutilized crops, medicinal plants, and emerging opportunities such as bio-fuels). International and regional institutions for agricultural research and their partners in national research

⁷ For IFAD, the term 'civil society organisation' generally refers to not for profit, national and international non-governmental organizations (NGOs), community-based organizations (CBOs), grass roots organizations, groups of parliamentarians, media, policy development and research institutes which have a transparent decision making mechanism, financial probity and whose activities continue to be relevant to IFAD Strategic Framework's objectives (2007-2009).

⁸ EB 2006/89/R.6/Rev.1

⁹ Unless reallocations have been applied following the agreed PBAS methodology.

systems that focus on the needs of the rural poor will remain prominent grant recipients. Within these, the emphasis would also be on identifying and supporting community-based organizations and NGOs to pilot new or innovative approaches or pro-poor technologies.

16. Global/Regional grants seek to develop and promote the following areas of focus:

Institutions and Policy/capacity building:

- Value-chains and market access – positioning the rural poor communities to increase share of benefits.
- innovative approaches and capacity building in the area of rural finance – micro-finance, micro-insurance, SMEs etc. building on successes achieved under previous grants, regional grants would strengthen capacities of a regional member-based rural finance associations to develop partnerships with the private sector and diversify its funding sources and generate rural employment.
- "Agricultural institutions" - mainly their capacity to support poverty reduction, in the context of the changing environment in the provision of the services to farmers' effective approaches for improving the access of poor African farmers to inputs such as fertilizers.
- Mechanisms to enhance the incentive structure of smallholders and their response to market signals –addressing "risk and vulnerability" - how to measure; internalise and mitigate - developing applicable methodologies and project instrumentalities and validating the payment for environmental services concept.
- A strong knowledge management (exchange) environment dimension (lessons and best practice etc.). – through Regional Information Networks– to promote internal/external knowledge management/sharing.
- Strengthened implementation agency performance to deliver better impact of IFAD-financed country programmes.

Adaptive Agricultural Research:

- Development and diffusion of traditional pro-poor crops and commodities (ranging from crops such as cassava to neglected and underutilised crops with high niche market potential e.g. medicinal plants and the testing of post-harvest value adding (processing) to commodities such as cassava and cowpeas;
 - Addressing IPM and other production constraints;
 - Exploring the potential of crops/commodities such as sweet sorghum in the context of Bio fuels. IFAD's focus will be on entry points - the role of these emerging markets in rural poverty alleviation and on second generation technologies which address the trade-off between food and fuel.
 - Sustainable Management of natural resources and Improvement of major production systems integrated and sustainable management of crop, range/livestock, land and water resources.
 - Regional grants would also seek to identify other complementary inputs by supporting an action research-driven approach to building networks of private sector suppliers, increasing competition and technology transfer - to increase production efficiencies.
17. Within the small grants portfolio, emphasis would be on identifying and supporting community-based organizations and non-governmental organizations to pilot new or innovative approaches or pro-poor technologies, and increasingly in organizational and institutional development, such as in rural micro-finance and in building capacity to support initiatives for farmer-level knowledge sharing.

V. Current use of Country Grants

18. Table 1 below summarises the use of country specific grants since the introduction of the country specific 'window' in 2004. In all three years, the majority of grants have been large grants (i.e. above US\$200,000) and the majority of these have been approved in the context of larger, loan financed project or programme initiatives. The listing of all country grants approved by year for the period 2004-06 is given in tables 1-3 of annex I.

Table 1
Historical data on country grants (2004-2006)

(millions of United States dollars)

	<i>Total country grants</i>	<i>No. of grants³</i>	<i>Total large country grants</i>	<i>of which grants as project component grants (large/small)</i>	<i>of which small country grants</i>
2004 ¹	9.5	39.0	5.0	3.1	4.5
2005 ²	9.0	27.0	6.7	6.2	2.3
2006	12.7	50.0	6.8	4.9	5.9
Total	31.2	116.0	18.5	14.2	12.7

¹ Detailed table on 2004 country grants does not include MIX and trade liberalization grants.

² 2005 includes one grant (Maldives) which was not part of regular programme.

³ Grants benefiting more than one country counted as one grant to avoid double-counting.

19. In order to better understand the type of activities undertaken in the country grants window, a review of a selection of these country grants is given in Table 2, including a summary of grant objectives and activities. The review indicates that all grants are subscribing to either one or the other of the strategic objectives of the grant programme and are key facets of IFAD's country level programming. Grants are supporting technology for field level impact (Kenya); policy dialogue (Burkina Faso, Mali); technical assistance (Tanzania, Kenya); environment (El Salvador); strategy

development (Cameroon, Afghanistan); capacity development (Bhutan, West Bank & Gaza); and, microfinance support (Sri Lanka, Tanzania).

Table 2
Summary of a selection of Country Grants 2005-2006

<i>Country and DSF category</i>	<i>Grant amount (United States dollars)</i>	<i>Grant description</i>
Burkina Faso <i>Green</i>	90 000	SUPPORT TO THE ON-GOING RURAL LAND TENURE POLICY DIALOGUE PROCESS, 2006 Support the government in elaborating a land tenure policy document and eventually a new land law that seeks to increase land tenure security in rural areas in order to facilitate and guarantee access to land by all stakeholders including the rural poor. This would provide agricultural producers with increased land security and equitable access to land and to guarantee investments and efficient management of land and contribute to build trust, coalitions and partnerships between IFAD and farmer organizations, rural organizations, traditional authorities, NGOs, advocacy groups, and project stakeholders. Outputs would input into current activities of the new COSOP for Burkina Faso.
Cameroon <i>Green</i>	170 000	RURAL SECTOR DEVELOPMENT STRATEGY, 2005 Assist the Ministry of Agriculture and Rural Development in updating its rural sector development strategy and the related operational framework. The reformulation of the operational framework would ensure timely and effective implementation of the country's poverty reduction strategy. Activities would support the development of a five-year programme of action, a related medium-term financing plan and procedures for implementing, monitoring and evaluating progress.
Mali <i>Green</i>	800 000	NORTHERN REGIONS INVESTMENT AND RURAL DEVELOPMENT PROGRAMME The IFAD grant, in support of the loan, finances the policy dialogue unit including equipment, studies, training and technical assistance. This would monitor the performance of IFAD-financed programmes in Mali, organize exchanges of experiences between IFAD and other organizations, maintain a website on IFAD projects in Mali with hyperlinks to the websites of partner organizations and, organize IFAD participation in policy meetings.
Tanzania <i>Green</i>	450 000	RURAL MICRO, SMALL & MEDIUM ENTERPRISE SUPPORT PROGRAMME The IFAD grant, in support of the loan, would provide support for national, regional and international technical assistance. Technical assistance will play a key role in capacity-building of public institutions and private-sector participants. Studies of capacity at the national level have helped to identify areas where international technical assistance would be required.
Tanzania <i>Green</i>	100 000	TECHNICAL ASSISTANCE PROJECT FOR TANZANIA RURAL FINANCIAL SERVICES PROGRAMME 2005 Collaboration with the Government's Rural Financial Services Programme (RFSP) for stronger rural MFIs with improved financial and managerial performance to improve their services to the rural community they serve. 100 rural microfinance institutions (MFIs) selected in three zones (Northern, Southern and Central). Activities provide information to the RFSP coordination office and, in particular, to groups involved in training the MFIs.
Angola <i>Yellow</i>	149 000	COMMUNITY LAND MAPPING AND CONFLICT MITIGATION IN THE CENTRAL HIGHLANDS in 2006 Reduce vulnerability of rural communities in the Central Highlands through improved access to land, recognition of traditional land rights and use of improved agricultural techniques in one <i>comuna</i> in the Katchiungo Municipality, with particular focus on more vulnerable groups including women, IDPs and demobilized soldiers. Working with CARE-Africa, activities would involve community land mapping and work within the new land law framework to regularise tenure rights to identify land needs and potential local land conflicts, particularly between smallholders, returning internally displaced people (IDPs), demobilised soldiers and commercial farmers.

<i>Country and DSF category</i>	<i>Grant amount (United States dollars)</i>	<i>Grant description</i>
Kenya <i>Green</i>	845 000	SMALLHOLDER DAIRY COMMERCIALIZATION PROGRAMME, 2005. The IFAD grant, in support of the loan, finances long-term international technical Assistance (planning for breed harmonization), policy development (animal feed and Fertilizer policy/legislation), and pilot activities in goat's milk production and marketing for women.
Afghanistan <i>Red</i>	200 000	ENHANCING INNOVATIVE AND PRO-POOR UPLAND POLICIES 2005 Support pro-poor policy, policy dialogue and programme formulation through the provision of innovative options, best practices and approaches of poor and disadvantaged people in the uplands of Afghanistan and build on regional experience of ICIMOD.
Bhutan <i>Red</i>	200 000	STRENGTHENING PRO-POOR LOCAL INSTITUTIONAL CAPACITY 2006 Support to the decentralization process and to strengthen local institutional capacities through strengthening the renewable natural resources (RNR) extension centre facilities and improving extension services for the remote communities. The creation of integrated development hubs at the grassroots geog level serves to support the ongoing constitutional reform as part of the decentralization. It should also have significant demonstration / replicable effects, as the grant represented the first external support for Government's efforts to promote the creation of multi-purpose rural development hubs at the grassroots level.
Sri Lanka <i>Green</i>	552 000	MICROFINANCE AND INSTITUTIONAL CAPACITY DEVELOPMENT 2006 Support to the institutional capacity Participatory Development Foundation for expansion of sustainable microfinance and micro-enterprise/ income-generating activities of poor and low-income households in the Anuradhapura District.
West Bank and Gaza <i>Green</i>	200 000	SAVINGS AND CREDIT PROMOTION 2006 Empower resource-poor Palestinian women in rural areas, and improve their standard of living and income by expanding efficient sustainable programs on small holdings and by promoting income generating activities of Savings and Credit Associations (SCA). The programme targets Palestinian women (up to 6000) that will be direct beneficiaries of the training courses and members of the administrative committees of the SCA will also be beneficiaries of capacity building for the operational management and financial performance of the SCA.
El Salvador <i>Green</i>	1 000 000	RURAL DEVELOPMENT AND MODERNIZATION PROJECT FOR THE EASTERN REGION The IFAD grant, in support of the loan, co finances municipal and departmental environmental plans, micro-watershed management, solid and liquid waste disposal plan; and activities to improve the living and producing conditions of the target population. Activities include technical assistance, training programmes, financial resources and productive and environmental investment funds in selected areas prioritized by their hydrological potential and environmental vulnerability.
Guatemala <i>Green</i>	200 000	SUPPORTING SMALL-SCALE PRODUCERS ACCESSING DYNAMIC MARKETS - A PILOT PROGRAMME 2006 Assistance to rural poor and indigenous smallholders to acquire the capacities required to establish commercial links between local producers and external purchasers, and to develop new export markets for smallholder traditional and non-traditional products in the context of international trade liberalization in Guatemala. Activities include gender equity in business development and commercial opportunities; sustainable management of natural resources; fair trade and mainstreaming of export commercial markets.

20. Table 2 also gives the current classification of each country in terms of the DSF. This indicates that the nature of IFAD interventions and alignment with the strategic objectives of the grants programme has, to date, encompassed all three types of

DSF classification. A review of all the countries that have received grants in terms of their current (2007) DSF status indicates that, in the period 2004-06, 19 (28 per cent) countries have received country specific grants which are categorised as 'red', with a high risk of debt vulnerability with 3 (5 per cent) categorised as 'yellow', medium risk of debt vulnerability. The majority of grants allocated (67 per cent) have been to those countries categorised as 'green', no risk of debt vulnerability. Annex II provides an analysis of all country grants approved to date¹⁰ against, retrospectively, the DSF categories.

21. The introduction of the country specific window in 2004 has, therefore, allowed IFAD to provide strategic support (including technical assistance) for capacity building to governments and civil society, policy dialogue and technical programmes to develop new approaches for smallholder production. This has, to date, involved 116 grants in parallel to lending operations and as stand-alone initiatives across a total of 68 countries, including all the categories established by the DSF.

VI. Proposed alignment of the IFAD Grants Policy with the implementation of the DSF

22. Under the current procedures for the PBAS and the existing Grants Policy, up to 2.5 per cent of the POW is approved for the country specific grants window and this is allocated to 'active' countries according to the agreed PBAS parameters of needs and performance. Those countries that are categorised through DSF as 'red' or 'yellow' would now be eligible for grant financing as provided in the 3 year PBAS 2007-09 allocations for projects or programmes and would not therefore need a separate grant allocation from the country window. For activities of technical assistance and institutional support, the existing criteria as established under the Grants Policy for grant selection and approval would continue to be applied. The sum total of grants under the DSF and those specific to the objectives of the Grants Policy would be consistent with the country's PBAS allocation.
23. Countries categorised as 'green' under the DSF have no major problems of debt sustainability and would not be eligible for DSF grant financing. The AfDB Board of Governors has recognised the continuing need for limited grant resources for the specific needs of technical assistance, institutional support and capacity development in loan-only, 'green', countries and, accordingly, has allocated a portion of individual country's PBAS allocation for financing on grant terms.
24. IFAD's own experience of country grant interventions between 2004 & 2006 indicates a similar need for IFAD grants in these countries with specific benefits for capacity building, institutional support, knowledge management and support to civil society. Such grants would be assessed and approved following the competitive procedures currently in place under the Grants policy. Currently, there are 59 countries (66 per cent) out of the 'active' countries in the 2007-09 allocation period classified as 'green'. Similarly, in terms of grants approved to date, 67 per cent have been provided to loan-only countries. Keeping in mind the practice adopted by other institutions, notably the African Development Bank, it is recommended that the country grants window should be maintained but at a reduced level so that up to 1.5 per cent of the annual programme of work, be made available as county grants to loan-only countries. However, the combined total of such grants and loans to each country would be governed by the country's PBAS allocation.

VII. Conclusions and recommendations

25. To recapitulate, the IFAD grant policy promotes pro-poor research on innovative approaches and technological options as well as building pro-poor capacities of partner institutions and civil society. The revision of IFAD's Grant Policy in December 2003 led to a 2.5 per cent increase in grant resources as a proportion of the annual

¹⁰ Aligned with the summary of country grants as given in annex 1.

programme of work, all of which has been applied to country-specific grants. This increase of 2.5 per cent is in addition to 2.5 per cent for PDFF resources (for a total of 5 per cent of the programme of work) allocated for activities associated with the design and development of loan and grant projects.

26. The review of the grants policy presented to the Executive Board in September 2005 provided a positive assessment of the role of the country grants approved to date. This trend has continued as grants have been provided for capacity building to governments and civil society, policy dialogue, technical assistance and technical programmes to develop new approaches for smallholder production and livelihoods. As a result of the DSF, new criteria for grant allocation have been introduced focussing on debt sustainability. Nevertheless, the World Bank and AsDB have maintained their Development Grant Facility and Technical Assistance programme respectively. In addition, the AfDB have introduced specific provisions in parallel to their DSF processes to continue to source grant resources from the country PBAS allocations to provide technical assistance and institutional support. The grants provided by AfDB are available to countries classified both at risk of further debt distress as well as countries that qualify for continued loan-only financing from AfDB.
27. Therefore management recommends that the Executive Board approve the proposal that, in the light of the approval by the Board of the DSF policy, IFAD should:
"continue to implement the grants policy and procedures as amended in December 2003 and reviewed in September 2005, but at a reduced level for the country grant window, and allocate up to 1.5 per cent of the annual programme of work for the country grant window to those countries classified under DSF as loan-only countries in line with PBAS allocations."

Table 1: COUNTRY-SPECIFIC GRANT WINDOW - 2004 POW

	Approved Grants (USD)
PA	
Mali - Combating the desert locust invasion (FAO)	100 000
Chad - Combating the desert locust invasion (FAO)	100 000
Burkina Faso - Combating the desert locust invasion (FAO)	100 000
Senegal - Combating the desert locust invasion (FAO)	150 000
Mauritania - Combating the desert locust invasion (FAO)	100 000
Niger - Combating the desert locust invasion (FAO)	100 000
The Gambia - Combating the desert locust invasion (FAO)	120 000
D.R. Congo - Bumba Zone Promotion of Farmer's Organisations (INADES)	200 000
PF	
Rwanda - Strengthening Implementation of the Rwanda Agriculture Strategy and Action Plan	400 000
Comoros - Savings and Credit Union Network	350 000
Eritrea - Community Development Organisational Empowerment of Spate Irrigation Farmers	99 000
Kenya - Community-organised response to HIV/AIDS	180 000
Madagascar - Support to National Land Tenure Programme	170 000
Angola - Strengthening C-resilience and responses to HIV/AIDS through livelihoods (CARE)	160 000
Zimbabwe - Consolidation & Achieving sustainability of the Market Linkages Project (SAFIRE)	70 000
Zimbabwe - Promotion of Food Security Opportunities opposing drought (Pro-food) Phase III (AFRICARE)	150 000
Mozambique - Decentralization and Community Empowerment (HELVETAS)	110 000
PI	
Foundation of the People of the South Pacific Int'l - Mainstreaming of Rural Development Innovations Programme in the Pacific (see also global/regional PI)	1 601 000
Sri Lanka (in loan) - Dry Zone Livelihood Support and Partnership Programme	340 000
Nepal (in loan) - Leasehold Forestry & Livestock Programme	1 220 000
Indonesia (in loan) - TA for Capacity Bldg Central Sulawesi	500 000
Vietnam (in loan) - Prov Peoples' Committees (Ha Giang & Quang Binh Provinces)	630 000
Nepal - Capacity-building for gender sensitive social mobilization in leasehold forestry and livestock programme	46 000
Tajikistan - Jamoat Advisory Services System	184 500
Pakistan - Pilot testing of a public private partnership to develop capacity for small-scale agri-business and processing enterprises (LEAD)	200 000
China, Indonesia, Philippines - Monitoring and Evaluation Capacity Building Initiative for Projects in the Asia and the Pacific Regions	128 640
Indonesia - Remittances, Microfinance and Information Technology: Investigating the Potential for Poor Communities in East Java (FDC)	103 500
Indonesia - Post-crisis programme for participatory integrated development in rainfed areas (in loan): documentation of impact through video	60 883
Indonesia - Implementation Support to the Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas (in loan) in West Timor and Research proposal on rural finance in the Province of Nusa Tenggara Timur	100 000
PN	
Jordan - Agric. Res. Mgt. Project Phase 2V	398 200
Sudan - Combating the desert locust invasion (FAO)	200 000
Algeria - Combating the desert locust invasion (FAO)	120 000
Morocco - Combating the desert locust invasion (FAO)	100 000
Tunisia - PRODESUD Project (Heritage Development Project)	41 770
Tunisia - Capacity building in microfinance management	50 400
Syria - Workshop on Women as Agents of Change (FIRDOS)	150 000
Somalia - Spotlight on Somalia: Communication Initiatives to support replication and up-scaling of innovative approaches to Conflict	200 000
Somalia - Expatriate support to Rural development in Somalia	150 000
Somalia - Community empowerment of returnee recipient communities	200 000
TOTAL	9 383 893

Table 2: COUNTRY-SPECIFIC GRANT WINDOW - 2005 POW

	Approved Grants (USD)
PA	
Mali - Northern Regions Investment and Rural Development Programme (in loan)	800 000
D.R. Congo - Agricultural Rehabilitation Programme (in loan)	300 000
Chad - Batha Rural Development Project (in loan)	400 000
Cameroon - MOA - Rural Development Strategy	170 000
PF	
Rwanda - Support Project for the Strategic Plan for the Transformation of Agriculture (in loan)	200 000
Kenya - Smallholder Dairy Commercialization Programme (in loan)	845 000
Tanzania - Project for Technical Assistance to the United Republic of Tanzania's Rural Financial Services Programme (MEDA)	100 000
Tanzania - Competence Development Programme for IFAD-financed Programmes in the United Republic of Tanzania (INWENT)	110 000
Uganda - Support to Enhance Targeting under Uganda's Plan for Modernization of Agriculture (MoA -PMA Secretariat)	200 000
Tanzania/Bangladesh - Combat Hunger and Rural Poverty Through Increasing Access to Knowledge (CABI Compendium) *	75 000
PI	
Bhutan - Agriculture, Marketing and Enterprise Promotion Programme (in loan)	100 000
Laos - Rural Livelihoods Improvement Programme in Attapeu & Sayabouri (in loan)	693 000
Philippines - Rural Microenterprise Promotion Programme (in loan)	500 000
Maldives - Post-Tsunami Agricultural and Fisheries Rehabilitation Programme (in loan)	200 000
Nepal - Local Livelihoods Programme (in loan)	483 000
Afghanistan - Enhancing Innovative and Pro-poor Upland Policies in Afghanistan (ICIMOD)	200 000
Tanzania/Bangladesh - Combat Hunger and Rural Poverty Through Increasing Access to Knowledge (CABI Compendium)*	100 000
PL	
El Salvador, Rural Development & Modernization Project Eastern Reg. (in loan)	1 000 000
Guatemala - Smallholder Agricultural-Production Reactivation Programme	500 000
Costa Rica - Improving Development Effectiveness	190 000
Mexico - Linking the Virtual Information and Communication Centre Serving Mexico (ICARDA)	120 000
PN	
Georgia - Rural Development Project (in loan)	800 000
Yemen - Pilot Community-Based Rural Infrastructure P. for Highland Areas (in loan)	400 000
Sudan - Development of an MDG- and Rural Poverty-oriented Monitoring and Evaluation System in the Federal Ministry of Agriculture and Forestry in the Sudan	100 000
Tunisia - ICARDA - Social Capital Assessment	50 000
Azerbaijan - Community Information and Business Development Centre in Davechi Rayon Azerbaijan (MADAD)	100 000
Bosnia - Women Traditional Cheese Packaging Centre in Srebrenica Bosnia and Herzegovina (UNDP)	200 000
Somalia - Capacity-Building for Microfinance in Somalia (UNDP)	100 000
TOTAL	9 036 000

* Recorded as one grant.

Table 3 - COUNTRY-SPECIFIC GRANTS WINDOW - 2006 POW

	Approved Grants (USD)
PA	
Burkina Faso - Projet de Renforcement des capacités Institutionnelles et Opérationnelles de la Confédération Paysanne su Faso (CPF)	80 000
Burkina Faso – Support to the ongoing rural land tenure policy dialogue process - Ministry of Agriculture (MAHRH)	90 000
Cape Verde – Strengthening PLPR-established Local Institutions Through Innovative Approaches to Decentralised Cooperation and Solidarity-buidling (ACVER)	150 000
Guinea - Support to the Government of Guinea – Ministry of Agriculture and Livestock– to tackle desert locust invasion	100 000
Guinea – Support Capacity Strengthening of the National Counsel of the Farmers’ Organisations (CNOP)	170 000
Congo - Support to Productivity and Production Increase of Cassava in Republic of Congo (FAO)	190 000
Sierra Leone - Pilot Initiative - Financial Services Associations (FSAs)	90 000
Ghana – Support to Pro-Poor Agricultural and Rural Development Policies and Advocacy (Ministry of Agriculture)	200 000
Senegal - Support programme to strengthen the technical, policy-making and economic capabilities of the leaders and members of the National Council for Rural Consultation and Cooperation (CNCR)	135 000
Niger – Initiative de Réhabilitation et de Développement Agricole et Rural (in loan)	400 000
Gambia - Rural Finance Project (in loan)	400 000
Nigeria - Rural Finance Institution Building Programme (in loan)	400 000
Senegal - Agricultural Services & Producers Organizations Phase 2 (in loan)	300 000
PF	
Madagascar – Projet d’Appui au Développement de Menabe et Melaky (in loan)	365 000
Swaziland - Small and Micro Enterprises and Rural Financial Services Development in Swaziland - Ministry of Finance	200 000
Uganda – District Livelihoods Support Programme (in loan)	400 000
Tanzania – Rural Micro Small and Medium Enterprises Support Programme (in loan)	450 000
Eritrea - Post Crisis Rural Recovery and Development (in loan)	344 000
Uganda – Capacity Building for Outreach to and Targeting of Poor Orphan and Vulnerable Children Households (UWESO)	200 000
Kenya – Institution Building for Farmer Organisations (KENFAP)	200 000
Angola – Rural Poverty Study (CEIC)	100 000
Angola – Cooperative Development Project (CLUSA)	100 000
Angola – Community Land Mapping and Conflict Mitigation in the Central Highlands (CARE)	149 000
Angola – Angola: Participatory analysis of lessons-learned in community development initiatives in the Central Highlands (FONGA)	50 000
Comoros - Strengthening Small Producers’ Organizations’ capacities to access quality and remunerative markets through fair trade in Comoros (AVSF)	200 000
PI	
India (s-alone) Accelerating Agricultural Technology Adoption to Enhance Rural Livelihoods in Disadvantaged Districts of India (IRRI)	1 000 000
Sri-Lanka (s-alone) Microfinance and Institutional Capacity Development Project (Anuradhapura Participatory Development Foundation)	552 000
Mongolia – Good Governance for Sustainable Natural Resource Management and Poverty Reduction in Rural Mongolia – Scaling up through Community Lead Learning (NZNI – PECON)	145 000
Vietnam - Improving Understanding of Cognition and Institutions for Poverty Alleviation Programmes and Human Security (Washington University)	200 000
Bhutan – Strengthening Pro-Poor Local Capacity by Supporting Geog RNR Centres in Bhutan (MoA)	200 000
Lao – Rural Livelihood Improvement Programme (RLIP) in Attapeu and Sayabouri Province, Lao PDR (Ministry of Finance)	200 000
Korea - Regional Workshop on Pro-poor Agricultural Technology Choices and Coalition of the Rural Poor (NACF)	100 000
Selected countries Pacific/Central Asia - Risk, Vulnerability and Poverty in Central Asia and Pacific Island countries – Emerging Challenges and Policy Priorities - ASARC (Australia)	162 500
Vietnam – Integrating Safe and Off-season Vegetable Production With Market through Information, Education and Training In Ha Tinh and Tra Vinh Provinces (AVRDC)	199 990
Vietnam - Rural Development Strategy 2010-2015 (in loan)	300 000
Vietnam - Prog for Improving Market Participation of the Poor (in loan)	400 000
Greater Mekong Region - Strategies and Options for Integrating Biofuel and Rural Renewable Energy Production into Rural Agriculture for Poverty Reduction in the Greater Mekong Subregion (Asian Development Bank (ADB)-- GMS Working Group of Agriculture)	200 000
Vietnam - Linking Rural Poor Households to Supermarket and other quality Chains (CIRAD)	199 719

**Table 3 - COUNTRY-SPECIFIC GRANTS WINDOW – 2006 POW
(continued)**

	Approved Grants (USD)
PL	
Brazil (in loan) Rural Communities Dev. Prog.in Bahia	500 000
Panama – Sustainable Local Tourism Development in Darién, Republic of Panama (CEGEL)	200 000
Guatemala – Supporting Small-Scale Producers Accessing Dynamic Markets – A Pilot Programme in Guatemala (Agexport)	200 000
Belize - Building pro-poor capacities for local government and provision of rural financial services (UNDP Belize)	200 000
Mexico - Agricultural-Production reactivation Programme for Mountain Smallholders (FIRCO)	200 000
PN	
Iraq - Y Fato - Small Farmers Capacity building for Northern Governorates	190 000
Egypt - Rural Development Project (in loan)	950 000
Sudan - Piloting regulated access to range resources in the Butana region (CCU Sudan)	133 560
Palestine - Savings and Credit Promotion in West Bank and Gaza Strip (PARC)	200 000
Syria - Commodity Chain Analysis for Selected Horticultural Exports in the NENA Region (ICARDA)	200 000
Tunisia - Rehabilitation, Conservation, and Promotion of Aromatic and Medicinal Plants (AMP) in the Matmata, South East Region of Tunisia (ICARDA)	200 000
Moldova - Supply Chain Management Support in Moldova (DLO)	200 000
TOTAL	12 695 769

DISTRIBUTION OF IFAD COUNTRY GRANTS OVER THE 2004 - 2006 PERIOD (COUNTRY GRANT WINDOW) ACCORDING TO CURRENT DSF GUIDELINES

		2004			2005			2006			Total grants over 2004-2006 period	%
		Grants as part of loan projects programmes	Grants	Total	Grants as part of loan projects programmes	Grants	Total	Grants as part of loan projects programmes	Grants	Total		
	<u>Loan Terms Only (Green)</u>											
1	Burkina Faso		100 000	100 000			0		170 000	170 000	270 000	
2	Cameroon			0		170 000	170 000			0	170 000	
3	Cape Verde			0			0		150 000	150 000	150 000	
4	Ghana			0			0		200 000	200 000	200 000	
5	Mali		100 000	100 000	800 000		800 000			0	900 000	
6	Mauritania		100 000	100 000			0			0	100 000	
7	Nigeria			0			0	400 000		400 000	400 000	
8	Senegal		150 000	150 000			0	300 000	135 000	435 000	585 000	
9	Kenya		180 000	180 000	845 000		845 000		200 000	200 000	1 225 000	
10	Madagascar		170 000	170 000			0	365 000		365 000	535 000	
11	Mozambique		110 000	110 000			0			0	110 000	
12	Swaziland			0			0	200 000		200 000	200 000	
13	Tanzania 1/			0		285 000	285 000	450 000		450 000	735 000	
14	Uganda			0		200 000	200 000	400 000	200 000	600 000	800 000	
15	Bangladesh 1/			0		100 000	100 000			0	100 000	
16	China 2/		42 880	42 880			0			0	42 880	
17	India			0			0		1 000 000	1 000 000	1 000 000	
18	Indonesia 2/	500 000	307 263	807 263			0			0	807 263	
19	South Korea			0			0	100 000		100 000	100 000	
20	Maldives			0	200 000		200 000			0	200 000	
21	Pacific/Central Asia 3/			0			0		81 250	81 250	81 250	
22	Pakistan		200 000	200 000			0			0	200 000	
23	Philippines 2/		42 880	42 880	500 000		500 000		200 000	200 000	742 880	
24	South Pacific Foundation 3/		800 500	800 500			0				800 500	
25	Sri Lanka	340 000	340 000	340 000			0		552 000	552 000	892 000	
26	Vietnam	630 000	630 000	630 000			0	400 000	899 710	1 299 710	1 929 710	
27	Belize			0			0		200 000	200 000	200 000	
28	Brazil			0			0	500 000		500 000	500 000	
29	Costa Rica			0		190 000	190 000			0	190 000	
30	El Salvador			0	1 000 000		1 000 000			0	1 000 000	
31	Guatemala			0		500 000	500 000		200 000	200 000	700 000	
32	Mexico			0		120 000	120 000		200 000	200 000	320 000	
33	Panama			0			0		200 000	200 000	200 000	
34	Algeria		120 000	120 000			0			0	120 000	
35	Azerbaijan			0		100 000	100 000			0	100 000	
36	Bosnia & Herzegovina			0		200 000	200 000			0	200 000	
37	Egypt 4/			0			0	950 000	66 667	1 016 667	1 016 667	
38	Georgia			0	800 000		800 000			0	800 000	
39	Gaza and West Bank			0			0		200 000	200 000	200 000	
40	Iraq			0			0		190 000	190 000	190 000	
41	Jordan 5/	398 200	398 200	398 200			0			0	398 200	
42	Moldova			0			0		200 000	200 000	200 000	
43	Morocco 4/		100 000	100 000			0		66 667	66 667	166 667	
44	Syria 4/		150 000	150 000			0		66 667	66 667	216 667	
45	Tunisia		92 170	92 170		50 000	50 000		200 000	200 000	342 170	
46	Yemen			0	400 000		400 000			0	400 000	
	Total	1 868 200	2 765 693	4 633 893	4 545 000	1 915 000	6 460 000	3 765 000	5 877 961	9 642 961	20 736 854	66.6%

DISTRIBUTION OF IFAD COUNTRY GRANTS OVER THE 2004 - 2006 PERIOD (COUNTRY GRANT WINDOW) ACCORDING TO CURRENT DSF GUIDELINES

		2004			2005			2006			Total grants over 2004-2006 period	%
		Grants as part of loan projects programmes	Grants	Total	Grants as part of loan projects programmes	Grants	Total	Grants as part of loan projects programmes	Grants	Total		
	50% Loan/50% grant Terms (Yellow)											
1	Angola		160 000	160 000			0		399 000	399 000	559 000	
2	Mongolia			0			0		145 000	145 000	145 000	
3	Tajikistan	184 500		184 500			0			0	184 500	
	Total	184 500	160 000	344 500	0	0	0	0	544 000	544 000	888 500	2.9%
	100% Grant Terms (Red)											
1	Chad		100 000	100 000	400 000		400 000			0	500 000	
2	Congo Dem. Rep.		200 000	200 000	300 000		300 000			0	500 000	
3	Congo Rep.			0			0		199 000	199 000	199 000	
4	Gambia, The		120 000	120 000			0	400 000		400 000	520 000	
5	Guinea			0			0		270 000	270 000	270 000	
6	Niger		100 000	100 000			0	400 000		400 000	500 000	
7	Sierra Leone			0			0		90 000	90 000	90 000	
8	Comoros		350 000	350 000			0		200 000	200 000	550 000	
9	Eritrea		99 000	99 000			0	344 000		344 000	443 000	
10	Rwanda		400 000	400 000	200 000		200 000			0	600 000	
11	Zimbabwe		220 000	220 000			0			0	220 000	
12	Afghanistan			0		200 000	200 000			0	200 000	
13	Bhutan			0	100 000		100 000		200 000	200 000	300 000	
14	Lao PDR			0	693 000		693 000		200 000	200 000	893 000	
15	Nepal	1 220 000	46 000	1 266 000		483 000	483 000			0	1 749 000	
16	Pacific/Central Asia 3/			0			0		81 250	81 250	81 250	
17	South Pacific Foundation 3/		800 500	800 500			0			0	800 500	
18	Somalia		550 000	550 000		100 000	100 000			0	650 000	
19	Sudan		200 000	200 000		100 000	100 000		133 560	133 560	433 560	
	Total	1 220 000	3 185 500	4 405 500	1 693 000	883 000	2 576 000	1 144 000	1 373 810	2 517 810	9 499 310	30.5%
	GRAND TOTAL	3 272 700	6 111 193	9 383 893	6 238 000	2 798 000	9 036 000	4 909 000	7 795 771	12 704 771	31 124 664	100.0%

- 1/ Grant no. 831 was provided to Compendium (Bangladesh, Tanzania). Amount pro-rated against two countries but counted as one grant
 2/ Grant no. 759 was given to cover China, Indonesia and The Philippines (grant amount pro-rated against three countries but counted as one grant)
 3/ These two grants have been pro-rated against the green and red countries on a 50/50 basis but counted as one grant.
 4/ Grant 918 benefits Egypt, Morocco and Syria (grant amount pro-rated against three countries but counted as one grant).
 5/ Loan component grant for Jordan (729 and 729 A counted as one).