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**E**



Enabling poor rural people  
to overcome poverty

## **President's report**

### **Proposed loan and grant to the Syrian Arab Republic for the**

### **Integrated Livestock Development Project**

#### **Note to Executive Board representatives**

##### Focal points:

##### Technical questions:

**Abdelhamid Abdouli**  
Country Programme Manager  
Tel.: +39 06 5459 2248  
e-mail: [a.abdouli@ifad.org](mailto:a.abdouli@ifad.org)

##### Dispatch of documentation:

**Liam F. Chicca**  
Governing Bodies Officer  
Tel.: +39 06 5459 2462  
e-mail: [l.chicca@ifad.org](mailto:l.chicca@ifad.org)

Executive Board — 101<sup>st</sup> Session  
Rome, 14-16 December 2010

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**For: Approval**

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## Abbreviations and acronyms

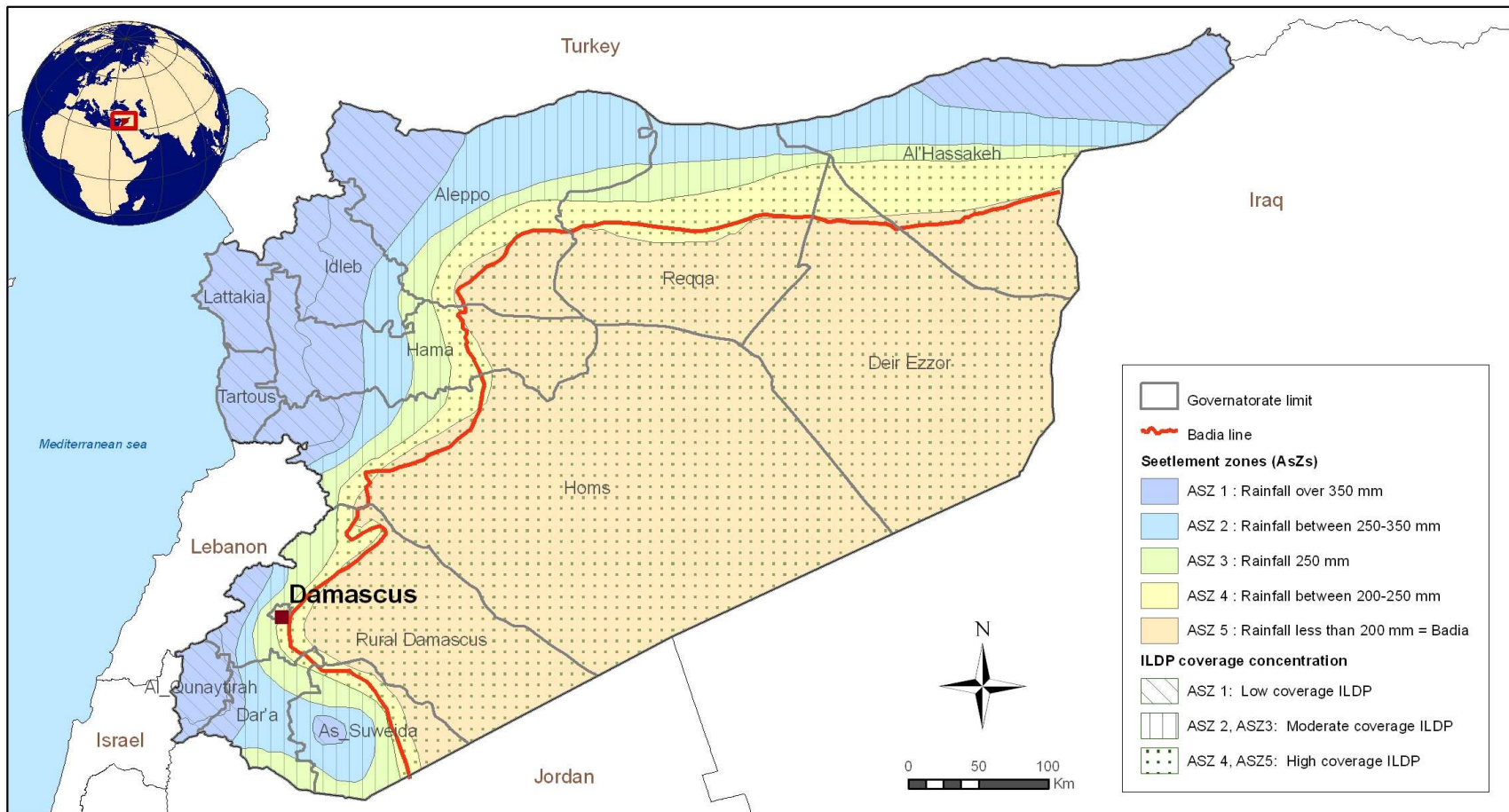
AFD	Agence Française de Développement
ILDLP	Integrated Livestock Development Project
MAAR	Ministry of Agriculture and Agrarian Reform
MLA	Ministry of Local Administration

# Syrian Arab Republic

## Integrated Livestock Development Project (ILDLP)

Nation-wide project

### Map of the project area



23-2-2010



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD Source: MAAR/GCSAR - 2006

# Syrian Arab Republic

## Integrated Livestock Development Project

### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Syrian Arab Republic
<b>Executing agency:</b>	Ministry of Agriculture and Agrarian Reform
<b>Total project cost:</b>	US\$73.13 million
<b>Amount of IFAD loan:</b>	SDR 17.40 million (equivalent to approximately US\$27.33 million)
<b>Amount of IFAD grant:</b>	SDR 425,000 (equivalent to approximately US\$659,000)
<b>Terms of IFAD loan:</b>	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
<b>Cofinancier:</b>	Agence Française de Développement
<b>Amount of cofinancing:</b>	US\$27 million
<b>Terms of cofinancing:</b>	Loan
<b>Contribution of borrower:</b>	US\$16.37 million
<b>Contribution of beneficiaries:</b>	US\$1.76 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Syrian Arab Republic for the Integrated Livestock Development Project, as contained in paragraph 36.

## Proposed loan and grant to the Syrian Arab Republic for the Integrated Livestock Development Project

### I. The project

#### A. Main development opportunity addressed by the project

1. Livestock activities are a major source of livelihoods for the rural poor in the Syrian Arab Republic. However, the high potential of the livestock sector is threatened by external factors such as international market fluctuations, local supply and demand, climatic conditions, animal productivity, the cost of feed and the underdevelopment of value added products. Important gains in productivity, production and income could be achieved along the main segments of the value chain, namely production, collection, processing and marketing.

#### B. Proposed financing

##### Terms and conditions

2. It is proposed that IFAD provide to the Syrian Arab Republic a loan in the amount of SDR 17.40 million (equivalent to approximately US\$27.33 million), on intermediate terms, and a grant in the amount of SDR 425,000 (equivalent to approximately US\$659,000) to help finance the Integrated Livestock Development Project (ILDLP). 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.

##### Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for the Syrian Arab Republic under the PBAS is US\$28,346,775 over the 2010-2012 allocation cycle.

##### Relationship to national medium-term expenditure framework criteria

4. Medium-term commitments in the Syrian Arab Republic are fully aligned with the medium-term expenditure framework, as set out in the current Tenth Five-year Plan. The project is a top priority on government investment plans. Yearly disbursements under loans and grants are aligned with the Government's fiscal budget.

##### Country debt burden and absorptive capacity of the State

5. As a result of good progress on economic and financial reforms, the country's handling of its external debt has improved in terms of volume and debt servicing. At the end of 2009, the total external debt stood at US\$7.0 billion, gross reserves at US\$17.0 billion and the external current account deficit remained comfortable at 4.5 per cent of GDP. Total annual disbursements from all ongoing projects in the country average SDR 2.5 million. The Government has a very good repayment record on IFAD loans.

##### Flow of funds

6. The IFAD loan and grant proceeds will be channelled into the project account through two accounts designated to receive funds in advance: a loan account and a grant account.

**Supervision arrangements**

7. IFAD will directly supervise the project through semi-annual reviews in accordance with IFAD's direct supervision guidelines. Implementation support missions will be conducted to address problems when needed.

**Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies**

8. No exceptions are foreseen.

**Governance**

9. The following planned measures are intended to enhance the governance aspects of the IFAD financing: (i) use of an independent auditing firm and full adherence to IFAD's guidelines for audit reporting; and (ii) competitive service provision through competition for contracts between the public, private and NGO sectors and international/regional institutions, ensuring strict adherence to IFAD procurement guidelines.

**C. Target group and participation****Target group**

10. The project will be targeting 311,000 households, roughly distributed as follows: 145,000 small sheep herders, 160,000 small cattle herders, 1,000 buffalo herders and 5,000 milk collectors and processors. Rural women are targeted within each group.

**Targeting approach**

11. The project's targeting strategy will be implemented in accordance with the IFAD Policy on Targeting to ensure that target group members are given priority for all activities. Targeting, which will be effected at two levels – village and household – will be participatory and will identify the poorest areas with the highest proportion of productive poor people living in poor villages.

**Participation**

12. The ILDP will empower the poor to work together to identify their needs, while integrating existing organizations and building new ones within the project framework. The project will assist the target group in forming community-based associations, such as farmers' marketing associations, herders' associations, rangelands management committees, village *sanduq* (microfinance) committees, milk collection groups, etc. These associations will play a vital role in implementing project activities through: (i) identification and prioritizing of village development needs; (ii) market linkages and supply chain analysis; (iii) technical advisory services; (iv) joint or individual investment in micro- and small enterprises; (v) dissemination of marketing information; and (vi) combined procurement of inputs.

**D. Development objectives****Key project objectives**

13. The objective of the project is to achieve a sustainable increase in the incomes of poor rural people (nomads, small livestock holders, small farmers, rural women and unemployed youth) whose livelihoods are dependent on livestock activities in low-potential areas. This will be achieved through targeted interventions to: (i) support livestock production services; (ii) improve rangeland productivity and development of feed resources; (iii) support the development of small enterprises along the value chain of livestock produce, with a focus on processing and marketing; and (iv) promote demand-driven microfinance for income-generating activities.

**Policy and institutional objectives**

14. From an institutional perspective, the project will: (i) build the capacity of field-level support services of the Ministry of Agriculture and Agrarian Reform (MAAR) in animal

production, animal health and veterinary drugs, extension and rural women's development; and (ii) strengthen the managerial and technical capacities of community-based organizations such as herders' associations and village-based microfinance institutions.

#### **IFAD policy and strategy alignment**

15. The goals and objectives of the project are fully aligned with the first strategic objective (sustainable management of land and water resources) of the results-based country strategic opportunities programme, particularly with respect to user-driven rangelands improvement in *Badia* and livestock integration in rainfed farming systems in low-potential areas. It is also fully aligned with the second strategic objective (sustainable rural financial services and pro-poor rural small businesses and microenterprises), in providing sustainable rural financial services to poor rural households, support to rural microenterprises, and market links along the value chain for food security, employment creation and empowerment of local communities.

### **E. Harmonization and alignment**

#### **Alignment with national priorities**

16. The project is fully consistent with the government's strategies for poverty reduction and agriculture development and policy. The government's "Vision 2025" accords priority to improving social services and economic opportunities in the poorest areas in order to enhance food security and create employment opportunities. The strategy for agricultural development calls for increasing the efficiency of agriculture, particularly the livestock sector, through improved productivity by animal unit; capacity-building for the poor, particularly women; participatory governance; and support for local-level organizations to directly manage resources and increase their market power.

#### **Harmonization with development partners**

17. In addition to the project cofinancing of US\$27 million from Agence Française de Développement (AFD), the project will enable cross-fertilization with other donor-supported activities. In particular, it will benefit from the institution-building activities planned by Italian cooperation to promote microfinance.

### **F. Components and expenditure categories**

#### **Main components**

18. The project has four components: (i) livestock development; (ii) rangeland improvement and development of feed resources; (iii) small business and microenterprise development in the livestock value chain and rural microfinance; and (iv) project coordination and management.

#### **Expenditure categories**

19. There are 10 expenditure categories: (i) civil works (4.8 per cent of total cost); (ii) equipment (10.7 per cent); (iii) vehicles (5.1 per cent); (iv) studies and technical assistance (3.7 per cent); (v) training (9.6 per cent); (vi) seed capital for *sandugs* (7.2 per cent); (vii) finance for small businesses and microenterprises (6.9 per cent); (viii) agricultural input for rangelands development (28.8 per cent); (ix) incremental salaries, allowances and incentives (16.5 per cent); and (x) operation and maintenance (6.7 per cent).

### **G. Management, implementation responsibilities and partnerships**

#### **Key implementing partners**

20. The main partners will be the MAAR, Ministry of Local Administration (MLA), participating banks, *sandug* management committees, and rangelands management committees and service providers.

### **Implementation responsibilities**

21. MAAR will have overall project coordination responsibility and will be in charge of implementing activities related to animal production, animal breeding, veterinary service provision, and agricultural extension. MLA will be in charge of management and quality control of red meat in slaughterhouses. Participating banks will be in charge of small business and microenterprise financing from AFD; *sandug* management committees and rangelands management committees will be in charge of microfinance and rangelands, respectively. Service providers will be engaged for capacity-building and training.

### **Role of technical assistance**

22. Funds will be allocated to mobilize the services of local and international consultants, for capacity-building and training in advanced technologies related to various aspects of the livestock value chains, and for capacity-building in microfinance.

### **Status of key implementation agreements**

23. In addition to the standard financing agreement between IFAD and the Government, memorandums of understanding acceptable to IFAD will be established between the National Project Directorate and all implementation partners in the first year.

### **Key financing partners and amounts committed**

24. The total project cost is US\$73.13 million over eight years. The sources of financing are the IFAD loan (37.5 per cent), IFAD grant (0.8 per cent), AFD (36.9 per cent), Government (22.4 per cent) and beneficiaries (2.4 per cent).

## **H. Benefits and economic and financial justification**

### **Main categories of benefits generated**

25. Efficiency in terms of productivity gains of small ruminant and cattle production systems will be achieved mainly as a result of increased feed availability, reduced feed costs, better animal nutrition and health, superior and higher-performing breeds and quality herd management. Efficiency in terms of contributions to value addition in the dairy chain will be achieved, first, from improved milk production, collection and pricing practices based on quality, and better standards of sanitation and hygiene; and second, from better application of rules and quality standards in processing milk into safe dairy products and subsequent fair marketing. Microfinance and credit for small businesses and microenterprises will benefit the target groups through support for income-generating activities.

### **Economic and financial viability**

26. The overall economic internal rate of return (EIRR) on project investments over 20 years is estimated at about 18 per cent. Overall, the sensitivity analysis indicates that the project is relatively robust and will remain economically viable under most foreseeable adverse conditions. A combined 20 per cent increase in cost and 20 per cent decrease in benefits would still ensure an EIRR of 16.3 per cent.

## **I. Knowledge management, innovation and scaling up**

### **Knowledge management arrangements**

27. The country programme management team members will organize yearly project portfolio implementation workshops to allow staff of ongoing projects and other implementing partners in the Syrian Arab Republic to communicate and share lessons learned across respective operations. The project will also make substantial use of the ongoing IFAD/International Development Research Centre (IDRC) Knowledge Access in Rural Inter-connected Areas Network (KariaNet), Phase II, to learn from and share experiences with IFAD projects in the Near East and North Africa region and the staff of both IFAD and its partners. It will also link up with ongoing IFAD grants to the International Center for Agricultural Research in the Dry Areas (ICARDA) and International Center for Biosaline Agriculture (ICBA) for applied research relevant to ILDP. The project will also link up with the IFAD grant for



Capacity-Building in Managing for Results and Impact (CaMaRI), for continuous support in monitoring and evaluation.

**Development innovations that the project will promote**

28. The most important innovative features of the project within the context of IFAD operations in the Syrian Arab Republic are: establishment of a system of dairy animal registration and performance control; introduction of a quality-based milk payment system; and recognition, rather than suppression, of the role of the nationwide network of private mobile milk collectors and processors (*jabbans*).

**Scaling-up approach**

29. Two of the project components, microfinance and rangelands improvement, are a direct scaling up of approaches adopted and tested in ongoing and completed IFAD-supported projects in the Syrian Arab Republic.

**J. Main risks**

**Main risks and mitigation measures**

30. The project faces one main risk: the expected high frequency and intensity of drought could threaten the sustainability of rangelands. Participatory rangelands management will restore and maintain rangeland resilience to climate change. This resilience will be enhanced by the introduction of ICBA-released drought- and salt-tolerant fodder species, developed under an IFAD grant to ICBA.

**Environmental classification**

31. Pursuant to IFAD's environmental assessment procedures, the project has been classified as a Category B operation in that it is not likely to have any significant negative environmental impact.

**K. Sustainability**

32. By promoting best practices in microfinance, the project will ensure that rural finance operations are financially viable and sustainable. With regard to natural resources management, the project will create ample opportunity for community-based organizations, such as herders' associations, to contribute to the management, operation and maintenance of rangeland resources.

**II. Legal instruments and authority**

33. A project financing agreement between the Syrian Arab Republic and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as an annex.
34. The Syrian Arab Republic is empowered under its laws to receive financing from IFAD.
35. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

### **III. Recommendation**

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

RESOLVED: that the Fund shall make a loan on intermediate terms to the Syrian Arab Republic in an amount equivalent to seventeen million four hundred thousand special drawing rights (SDR 17,400,000), 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 to the Syrian Arab Republic in an amount equivalent to four hundred twenty five thousand special drawing rights (SDR 425,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President

## **Negotiated financing agreement: "Integrated Livestock Development Project"**

(Negotiations concluded on 10 November 2010)

Loan Number: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Project Title: Integrated Livestock Development Project (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

the Syrian Arab Republic (the "Borrower/Recipient")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

### **Section A**

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan and a Grant to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

### **Section B**

1.
  - A. The amount of the Loan is SDR 17 400 000
  - B. The amount of the Grant is SDR 425 000
2. The Loan is granted on intermediate terms.
3. The Loan Service Payment Currency shall be the Euro currency of the European Monetary Union.
4. The first day of the applicable Fiscal Year shall be the 1<sup>st</sup> of January.
5. Payments of principal and interest shall be payable on each 1 June and 1 December.

6. The Borrower/Recipient shall open, in a bank acceptable to the Fund, an account designated to receive funds of the Loan in advance in Euro and an account designated to receive funds of the Grant in advance in Euro ("Designated Accounts"). Loan and Grant funds shall be transferred from the Designated Accounts to respective Project accounts (one for the Loan and one for the Grant) where they will be held in local currency.

7. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of USD 16 320 000, of which USD 1 560 000 shall be used to cover taxes.

### **Section C**

1. The Lead Project Agency shall be The Ministry of Agriculture and Agrarian Reform (MAAR) of the Borrower/Recipient.

2. The following are designated as additional Project Parties:

- (a) Provincial directorates of agriculture and agrarian reform (DAAR);
- (b) National Project Directorate (NDP);
- (c) Provincial Project Directorates (PPDs); and
- (d) other Principal Implementation Partners (PIPs)

3. The Project Completion Date shall be the eighth anniversary of the date of entry into force of this Agreement.

### **Section D**

The Loan will be administered and the Project supervised by the Fund.

### **Section E**

1. (a) The following is designated as an additional ground for suspension of this Agreement: the Project Implementation Manual, or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

(b) The following is designated as an additional ground for suspension of the component "Small Business and Micro-enterprise (SBM) development in the livestock value chain and rural microfinance" of this Agreement: the Microfinance Sanduqs described in Schedule 1 have not obtained legal operating status as described in paragraph 4.3 (ii) of Schedule 1 within the first two years from entry into force of this Agreement.

2. The following are designated as additional general conditions precedent to withdrawal:

- (a) the National Project Directorate (NPD) shall have been duly established in accordance with Schedule 1; and
- (b) the Provincial Project Directorates (PPD) shall have been duly established in accordance with Schedule 1.

3. This Agreement is subject to ratification by the Borrower/Recipient.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

President  
International Fund for  
Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

For the Borrower/Recipient:

\_\_\_\_\_  
State Planning Commission  
Damascus  
Syria

This agreement, dated \_\_\_\_\_, has been prepared in the (English) language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

\_\_\_\_\_  
For the Fund

\_\_\_\_\_  
For the Borrower/Recipient

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Target Population.* The cumulative eligible target population is estimated at 311 000 households, roughly distributed as follows: 145 000 small sheep holders, 160 000 small cattle holders, 1 000 buffalo herders and 5 000 milk collectors and processors.

The Project shall be national in scope and shall cover all provinces in Syria: Deir Ezzor, Hassakeh, Raqqa, Aleppo, Idleb, Homs, Hama, Tartous, Lattakia, Dara'a, Sweida, Quneitra, Rif Damascus as well as the region of El Ghab (the "Project Area"). Within provinces, Project activities shall be targeted to priority areas where the overall rural poverty rate is high and livestock is a major source of livelihood, with focus on about 1,260 villages.

2. *Goal.* The goal of the Project is to increase the incomes of poor rural people whose livelihoods are dependent on livestock activities in low-potential areas, in a sustainable manner.

3. *Components.* The Project shall consist of the following Components: (a) Livestock development; (b) Rangeland improvement and development of feed resources; (c) Small Business and Micro-enterprise (SBM) development in the livestock value chain and rural microfinance; and (d) Project coordination and management.

##### 3.1 Component 1: Livestock development

The objective of this component shall be to increase the incomes of small livestock holders by improving their productivity per animal unit.

##### 3.2 Component 2: Rangeland improvement and development of feed resources

The objective of this component shall be to restore the productivity of additional *Badea* rangelands through resting, reseeding and shrub planting and increase feed resource availability outside the *Badea*.

##### 3.3. Component 3: SBMs development in the livestock value chain and rural Microfinance

###### (i) Support to SBMs for dairy marketing and processing

The Project shall select simultaneous entry points along the dairy value chains in such a way as to upgrade the business of small actors, allow fair commercial practices on the local market and provide safe finished products to the consumer

###### (ii) Support to rural microfinance.

The Project shall build, consolidate and expand the financial basis of the *sanduq* mechanism, with the objective of its evolvement into a viable Micro Finance Institution with legal operating status, governed by prudential regulatory rules and capable of accessing the services of the formal banking system. Microfinance Sanduqs shall be audited by independent auditors yearly.

##### 3.4 Component 4: Project coordination and management

A National Project Steering Committee (PSC) shall be responsible for policy decisions at the national level. It shall include representatives of the concerned central MAAR directorates, of Ministry of Economy and Trade, Ministry of Industry, Ministry of Local

Administration and State Planning Commission, and other parties as and when required and be chaired by the Minister for MAAR or his representative. Specifically PSC shall be responsible for (i) defining the general policy framework of Project implementation and providing conceptual, strategic and policy guidance for the design and implementation of the Project activities, as well as conformity with overall development strategies to ensure that Project activities are in compliance with government policies; (ii) approval of AWPBs in the light of the established policy framework, in accordance with MAAR planning and budgeting procedures and subsequently supervising the allocation of the corresponding annual budgets and ensure compliance with government requirements for the processing of Project financing and submission of withdrawal applications; (iii) monitoring Project progress principally through the analysis of yearly activity reports and papers drafted at the end of each review or programming workshop; (iv) ensuring effective cooperation between the Project implementing partners; (v) coordinating Project interventions with other projects and programs where appropriate; and (vi) solving problems and potential conflicts of interest between participating departments. PSC shall meet at least twice yearly and on an ad hoc basis as and when deemed necessary. The Project Director (PD) shall serve as PSC secretary.

## **II. Implementation Arrangements**

4. *National Project Directorate (NDP)*. MAAR shall create a new directorate within its structure to be called the National Project Directorate (NDP) to oversee Project implementation. NDP shall be headed by the national Project Director (PD) appointed by the MAAR and acceptable to IFAD. PD shall be responsible to the Minister of MAAR to whom he/she shall report through the PSC. NDP shall implement some Project activities using its own staff and capabilities but shall outsource the implementation of other Project activities to principal implementing partners (PIPs) who may be a government or a non government agency or a service provider on the basis of their comparative advantages and complementarities.

5. *Provincial Project Directorates (PPDs)*. The Project shall be national in scope, with field activities covering all provinces. 14 PPDs shall be established, one in each of the 13 Syrian provinces other than Damascus, and 1 in Al Ghab special region to oversee Project implementation in the province. The PPD shall be headed by a provincial Project manager (PPM) appointed by the MAAR. PPM shall be responsible to the PD for all Project affairs in the province and reports to the PD.

6. *Principal Implementing Partners (PIPs)*. The NDP shall outsource the implementation of some Project activities to PIPs. Outsourcing shall be through signed Memoranda of Understanding (MOUs) or contracts/agreements between the NDP and the concerned PIPs. Activities outsourced to PIPs shall also appear in the Project's AWPBs. PIPs may obtain support from other collaborating partners in implementing Project activities. PIPs shall include:

- (a) MAAR departments at the central level and their provincial representation within the provincial directorates of agriculture and agrarian reform (PDA), especially Department of Animal Production (DAP), Department of Animal Health (DAH), Department of Veterinary drugs (DVD), Department of Agricultural Extension (DAE), Department of Rural Women Development (DRWD), General Commission for scientific agricultural research (GCSAR) and the PIU of the Badia Rural Development Project (BRDP-PIU);
- (b) Other Government entities in particular Ministry of Industry (MI), Ministry of Local Administration (MLA) and Ministry of Economy and Trade (MET) in accordance with their mandates, responsibilities and capabilities; and

- (c) Farmer organisations (Chambers of Agriculture, Awassi sheep Network), NGOs, and private sector service providers, and other relevant institutions in accordance with their capabilities.



## Schedule 2

1. *Allocation of Loan and Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and by the Grant, the allocation of the amounts of the Loan and the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated in SDR	Grant Amount Allocated in SDR	Percentage of financing under the Loan and the Grant
I. Civil Works	272 000		13% of total expenditures
II. Equipment and Vehicles	5 400 000	256 500	100% net of taxes and other contributors
III. Technical Assistance and Studies	1 500 000	29 000	100% of total expenditures
IV. Training	3 930 000	102 000	100% of total expenditures
V. Seed money for Sanduqs	2 600 000		87% net of beneficiaries' contribution
VI. Incentives	2 000 000		100% of total expenditures
VII. Unallocated	1 698 000	37 500	
<b>TOTAL</b>	<b>17 400 000</b>	<b>425 000</b>	

(b) The terms used in the Table above are defined as follows:

- (i) Seed Money for Sanduqs: means expenditures related to funds made available for activities related to micro finance; and
- (ii) Incentives: means eligible expenditures in respect of payments to Project personnel employed by the Borrower/Recipient in addition to their remuneration.

## Key reference documents

### Country reference documents

1. MAAR/NAPC - Women's Role in Agriculture and Gender-Related Issues in Syria, Working Paper No. 18, April 2006
2. MAAR/NAPC - Supply Chain Coordination and Policy Implications - The Case of Dairy and Red Meat Products in Syria, Working Paper No. 7
3. MAAR/NAPC - Guide to Commodity Chain Analysis Applied To Syrian Sheep Meat, Working Paper No. 22; June 2006
4. MAAR/NAPC - Comparative Advantage of Cow Milk in Syria, Working Paper No. 25, August 2006
5. MAAR/NAPC - Comparative Advantages of Syrian Barley, Working Paper No. 39, April 2008
6. IBRD - Syrian Arab Republic at Glance
7. Poverty reduction strategy paper

### IFAD reference documents

8. Project design document (PDD) and key files
9. COSOP for Syria, IFAD 2009
10. IFAD - *Badia* Rangelands Development Project (*Badia*) –Progress Report, 2009
11. IFAD - Syrian Arab Republic: Northern Eastern Regional Rural Development Project (NERRD) – Appraisal Report; 2007
12. ILDP Concept Note, 2009
13. Detailed rural poverty profile of the target group in proposed project area
14. Aide-mémoire prepared by the formulation mission, February 2010
15. Administrative Procedures on Environmental Assessment

### Other miscellaneous reference documents

16. FAO - The Livestock Sector and Policies in Syria -*Summarized by J. Vercueil from a study by G. Cummins*
17. FAO - Marketing, Processing, and the Special Cases of Dairy Products and Horticulture-*by Daniele Rama*
18. ILRI/ICARDA - Enhancing Livelihoods of Poor Livestock Keepers through Increased Use of Fodder - IFAD/TAG 853, December 2008

## Logical framework

Objective Hierarchy	Key Performance Indicators	Monitoring Mechanisms and Information Sources	Assumptions
<p><b>Goal</b></p> <p>Poverty reduction and improved incomes and livelihoods of small livestock producers, rural women and unemployed youth.</p>	<ul style="list-style-type: none"> <li>Households with improvement in asset ownership index.</li> <li>Reduction in the prevalence of malnutrition for children under five.</li> </ul>	<ul style="list-style-type: none"> <li>National Household Living Standard Surveys;</li> <li>Project monitoring and RIMS reports and PCR.</li> </ul>	<ul style="list-style-type: none"> <li>Continued Government commitment to pro-poor macroeconomic policies.</li> </ul>
<p><b>Purpose</b></p> <p>Sustainably improve the production and productivity of farmers/herders livestock and related SBMs in the milk and meat value chains.</p>	<ul style="list-style-type: none"> <li>Number (and %) of livestock producers reporting production/yield increase;</li> <li>Number of jobs generated by project supported small &amp; medium enterprises;</li> <li>Increase in marketed livestock products by target groups.</li> </ul>	<ul style="list-style-type: none"> <li>Project monitoring and RIMS reports; and</li> <li>Participatory monitoring by beneficiaries.</li> </ul>	<ul style="list-style-type: none"> <li>Continued government commitment to livestock development; and</li> <li>Effective cooperation between MAAR, MLA, and Participating Banks.</li> </ul>
<p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>Increased quality production;</li> <li>livestock producers in Badea and in semi intensive systems sustainably accessing feed and forage resources;</li> <li>Financially viable SBM in various livestock value chains serving small producers accessing effective financial and non-financial support;</li> <li>Increased access to sustainable microfinance through member owned and managed <i>Sanduqs</i>; and</li> <li>Legal Framework for microfinance in place.</li> </ul>	<ul style="list-style-type: none"> <li>Change in productivity per animal for sheep; cattle &amp; goats by type of production system;</li> <li>% changes in range productivity;</li> <li>% Change of forages/area in semi intensive production zones;</li> <li>Enterprises accessing facilitated non-financial services;</li> <li>Enterprises accessing facilitated financial services;</li> <li>Voluntary savers;</li> <li>Active borrowers;</li> <li>Value of gross loan portfolio (US\$);</li> <li>Microfinance law adopted BY Mid-Term;</li> <li>Sanduqs PAR less than 5%.</li> </ul>	<ul style="list-style-type: none"> <li>As above, plus:</li> <li>Business records of SBMs in milk collection and processing; and</li> <li><i>Sanduqs</i> reports.</li> </ul>	<ul style="list-style-type: none"> <li>As above, plus</li> <li>Limited climate change impact.</li> </ul> <p>As above, plus</p> <ul style="list-style-type: none"> <li>Availability and competence of cooperating SBMs;</li> <li>Government support to microfinance continues; and</li> <li>Willingness of banks to wholesale credit to <i>Sanduqs</i>.</li> </ul>