

Document: EB 2010/101/R.36/Rev.1
Agenda: 14(e)(v)
Date: 15 December 2010
Distribution: Public
Original: English

A



تمكين السكان الريفيين الفقراء
من التغلب على الفقر

: _____	
: _____	: _____
Laim F. Chicca	
+39 06 5459 2462 :	+39 06 5459 2248 :
l.chicca@ifad.org :	a.abdouli@ifad.org :

ii

iii

1

1

-

1

-

1

-

3

-

3

-

4

-

5

-

5

-

6

-

6

-

7

-

7

-

8

-

8

-

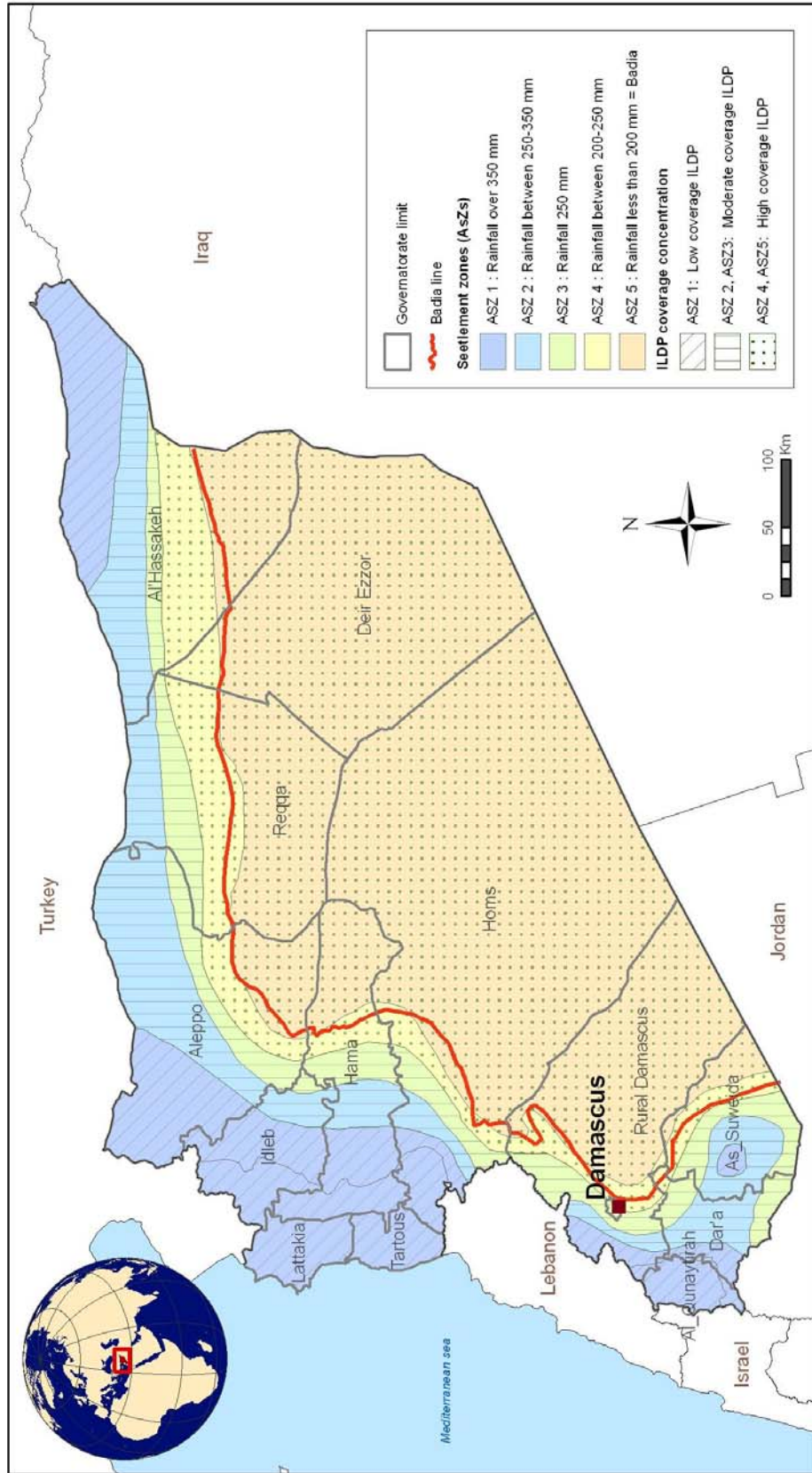
9

1

-

2

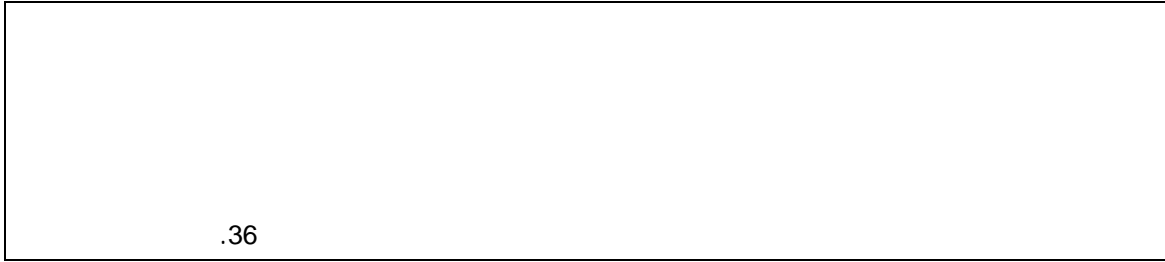
-



23-2-2010



			:
			:
			:
		73.13	:
27.33)	17.40	:
	(
)	425 000	:
	(659 000	
5		20	:
			:
		27	:
			:
		16.37	:
		1.76	:
			:
			:



	مقترح تقديمها	قرض
		-
		-
		-1
		-
		-2
425 000	(27.33)	
	(588 000)	
	20	
6		
		-3
.2012-2010	28 346 775	



145 000 : 311 000 -10
5 000 1 000 160 000

-11

-12

()
(1) :
(3) (2)
(5) (4)
(6)

-

) -13
(

(2) (1) :
(3)
(4)

(1) : -14

(2)

) : -15

(

):

(

-

"2025

"

-16

27

-17

-

(2) (1) : -18

(3)

(4)

(2) (4.8) (1) : -19

(3.7) (4) (5.1) (3) (10.7)

(7) (7.2) (6) (9.6) (5)

28.8) (8) (6.9)

6.7) (10) (16.5) (9) (

.(

-

: -20

-21

-22

-23

		73.13		-24		
(0.8)	(37.5)	:		
	.(2.4)	(22.4)	(36.9)

-

-25

20

-26

18

20

20

16.3

-

-27

()

/

:

-28

.()

-29

-

-30

-31

-

-32

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 1st 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, Raqqqa, 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 *sandug* 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	
TOTAL	17 400 000	425 000	

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