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PROGRESS REPORT ON THE PROJECT PORTFOLIO



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OVERVIEW

1. As a follow-up to the implementation of the re-engineering exercise and in response to IFAD's corporate strategy, the review of the Fund's project portfolio has taken a new turn in 1998. The Guidelines for Portfolio Review provide the framework and project status reports (PSRs) the building blocks to monitor and manage IFAD's project portfolio. The new tools for portfolio review facilitate assessment of the performance of individual projects. However the ultimate goal of the review is not to label each project according to its performance, but rather to identify implementation issues and apply timely measures for their resolution. The knowledge acquired in this exercise is being used to improve the quality of new projects as they enter the portfolio.

2. In 1998 30 projects were approved by the Executive Board, bringing to 520 the total number of projects approved since IFAD's inception. Accelerated lending to sub-Saharan African countries in 1998 is clearly evident in IFAD's operations. During 1998, a total of 24 projects were completed. As a result, 249 projects remain in the current portfolio. This includes 211 active projects, 18 still to be signed and 20 not yet effective.

3. Based on the information derived from PSRs, it is possible to classify IFAD's portfolio into four broad categories: (1) problem free, (2) minor problems, (3) major problems but improving, and (4) major problems but not improving. About one-third (33%) of the year-end portfolio fell under categories 3 and 4 combined, which is in line with similar ratings for other international financial institutions (IFIs). This point is of considerable importance, bearing in mind that IFAD's projects have unique characteristics that significantly influence their implementation performance. These include the relatively weaker institutional capacity of implementing agencies that deal with the rural poor, the time required to mobilize the support of implementing agencies and participation of beneficiaries, and the remoteness of IFAD project areas from mainstream economic activities.

4. A number of key portfolio indicators continued their promising trends in 1998. Disbursement performance, for example, which has gained a new impetus in recent years, reached the unprecedented level of SDR 220.6 million in 1998, representing an increase of 17% over 1997. This upward trend in disbursement performance is the result of intensified efforts to resolve issues hampering the flow of funds.

5. In 1998, the actual number of IFAD projects cofinanced by others increased from 13 to 15, half the number of projects approved. The amount of cofinancing for IFAD-initiated projects approved in 1998 amounts to USD 150.6 million, the highest level since 1985. The amount of cofinancing resources mobilized for each dollar lent for IFAD-initiated projects was USD 0.44 in 1998, as compared to USD 0.38 overall. The overall improvement in cofinancing is due to a deliberate policy of strengthening strategic partnerships with bilateral, regional and subregional financial institutions. The main element of this policy is to encourage cofinanciers to scale up IFAD best practices and *vice versa*. In the case of bilateral donors, more contacts have been established at the headquarters and field level, and joint staff meetings are held on a more regular basis.

6. In the context of its tight budgetary policy, IFAD is closely monitoring the overall size of its portfolio. New entries into the project portfolio are carefully considered against the number of closed projects, using a three-year moving average framework. Of the 24 projects closed in 1998, 15 had been extended, involving an average period of extension of 1.3 years. This compares favourably with the historical average of 1.8 years. This is also reflected in a decrease in the percentage time overrun of the implementation period since 1993. In the cases where project extension has been granted, the prime consideration has been if and how any given extension improves the achievement of project



objectives. Similarly, non-extension of the loan closing date and, under certain circumstances, advance cancellation of part of a loan are used as instruments of portfolio management. During implementation, the environment may change significantly, necessitating cancellation or reduction of components and activities originally envisaged.

7. In addition to the above-mentioned generic issues, IFAD's new approach to the review of its projects, in both the regional and IFAD-wide portfolios, has provided an opportunity to identify other common issues. These include project management performance and institutional capacity, insufficient monitoring and evaluation (M&E), complexities related to implementation of the classical credit components, counterpart funding and audit reports. Some generic issues are particularly evident in areas of Africa; besides political turmoil and macroeconomic problems in some African countries, weak implementation capacity has aggravated implementation of the portfolio. IFAD is pursuing a variety of measures to resolve the problems facing its project portfolio. Notable among them are the increased IFAD participation in supervision missions conducted by cooperating institutions (CIs) and the launching of follow-up missions. In addition, training courses have been provided to a large number of staff of the Programme Management Department (PD), e.g., in the use of logical frameworks, in order to improve staff capacity for both project design and implementation. Preparatory work is underway for an outreach programme on logical frameworks based on feedback from IFAD's trained staff.

8. The active project portfolio (at year-end 1998) is being administered by IFAD and ten CIs, of which the United Nations Office for Project Services (UNOPS) is responsible for 100 projects (47%) and the World Bank for 42 (20%). The Arab Fund for Economic and Social Development (AFESD) and the Andean Development Corporation (CAF) are responsible for 15 projects (7%) each. Due to supervision cost considerations, at the beginning of 1999 15 projects were transferred from the World Bank to other CIs – 14 to UNOPS and one to CAF.

9. During 1998, IFAD's Executive Board approved ten projects for direct supervision, bringing the total to 13. Since the majority of these projects were recently approved, it is too early to make meaningful comparisons with the work of the CIs. Nevertheless, two projects, which had been approved in 1997 and whose loans have become effective, are showing good progress in implementation performance, fully following IFAD's concerns for the discharge of its mandate and related policy issues. Indicators have been developed to compare the impact of directly supervised projects in the course of project implementation with that of CI-supervised projects.

10. Participation, the selected theme for reporting on IFAD's portfolio in 1998, has been a main feature of IFAD's approach in the past several years. The theme also embodies the first thrust of IFAD's corporate strategy, which envisages support for projects/programmes driven by beneficiary participation in design and implementation. At the aggregate level, this is clearly evident in an upward trend in beneficiary contributions to total project costs; from 2.5% in 1993 to nearly 8% in 1997 and 1998. Section VII of the report demonstrates instruments, processes and practices of participatory approaches in IFAD-assisted projects. The section also indicates measures to further promote and consolidate participatory approaches in IFAD's project portfolio.



I. INTRODUCTION

11. As a follow-up to the implementation of the re-engineering exercise and in response to IFAD's corporate strategy¹, the review of the Fund's project portfolio has taken a new turn in 1998. While review of the performance of ongoing projects and country portfolios has become a standard practice in regional divisions, a more formalized and systematic approach has simultaneously been put in place to review regional portfolio performance and the overall IFAD portfolio at various levels of management. The use of PSRs for individual projects, which was pioneered and pilot tested by the Africa I division in 1997, was extended to other regional divisions in 1998. The PSR provides, *inter alia*, a facility for a more methodical assessment of project performance, highlighting key implementation issues and proposed remedial actions. With such features, PSRs facilitate a dynamic approach to portfolio review and remain living documents during the entire project implementation period. PSRs are created and stored in the Project and Portfolio Management System (PPMS), which serves as the corporate database for the project portfolio. Moreover, detailed guidelines have been prepared for a uniform reporting system for portfolio performance across regional divisions. The specific activities under portfolio management now consist of:

- (a) assessing implementation progress and disbursement performance on a project-specific basis;
- (b) identifying critical and generic implementation problems at regional and IFAD levels;
- (c) formulating remedial actions for follow-up and implementation;
- (d) assessing the performance of CIs; and
- (e) generating and managing knowledge from past performance to strengthen the link between the lending programme and the existing portfolio, thus improving the quality of new projects as they enter the portfolio.

12. This new approach to the review process has enabled a more efficient analysis of portfolio performance and has allowed identification of problems and constraints, and measures to address them. These are all presented under the section on Portfolio Performance (section II). Other new sections in the present report include a section each on Directly Supervised Projects (section IV), Flexible Lending Mechanism (section V) and, last, but not least, section VII, People behind the Projects: Participation, which is the theme for this 1998 report. Due to these changes in the present report, the title has been changed from "Progress Report on Project Implementation" to "Progress Report on the Project Portfolio", to make it more compatible with the content.

¹ Thrust B of IFAD's corporate strategy states that IFAD will create an effective portfolio management system that ensures field-level results.

**II. PORTFOLIO PERFORMANCE: GENERIC ISSUES AND REMEDIAL ACTIONS****A. The Stock of IFAD's Portfolio**

13. In 1998, 30 projects were approved for IFAD financing by the Executive Board, bringing to 520 the total number of projects approved since IFAD's inception, of which 271 are already closed. Table 1 shows the number of projects and lending² approved by the regional divisions over time.

Table 1: Regional Distribution of Projects

Region	1978-1998				1995-1997				1998			
	No. of Projects	% of Total	IFAD Amt USD m	% of Total	No. of Projects	% of Total	IFAD Amt USD m	% of Total	No. of Projects	% of Total	IFAD Amt USD m	% of Total
Africa I	114	21.9	1 054.3	17.3	16	16.7	171.5	14.3	7	23.3	80.2	19.4
Africa II	93	17.9	1 004.7	16.5	17	17.7	181.2	15.1	5	16.7	63.7	15.4
<i>Sub-total Africa</i>	<i>207</i>	<i>39.8</i>	<i>2 059.0</i>	<i>33.8</i>	<i>33</i>	<i>34.4</i>	<i>352.7</i>	<i>29.4</i>	<i>12</i>	<i>40.0</i>	<i>143.9</i>	<i>34.8</i>
Asia	134	25.8	2 037.8	33.5	27	28.1	401.6	33.4	7	23.3	105.4	25.5
LAC	93	17.9	954.5	15.7	19	19.8	232.3	19.3	5	16.7	74.0	17.9
NENA	86	16.5	1 035.3	17.0	17	17.7	214.6	17.9	6	20.0	90.7	21.9
Total	520	100.0	6,086.6	100.0	96	100.0	1,201.3	100.0	30	100.0	413.9	100.0

m = million

14. The above table shows that African countries have been the largest recipients of IFAD's assistance, both in terms of number of projects and value of loans. African countries account for some 40% of the total of IFAD projects and a corresponding 34% of the total value of the portfolio. Accelerated lending to sub-Saharan African countries in 1998 is clearly evident when figures for this year are compared with the performance of 1995-1997.

15. The distribution of IFAD's current portfolio by region, i.e., ongoing projects and those not signed or effective at year-end 1996, 1997 and 1998, is shown in Table 2. The current portfolio is made up of 211 ongoing projects, 18 projects not signed and 20 projects not yet effective, for a total value of USD 3 096.8 million.

**Table 2: Current Portfolio by Region
Year-End 1996, 1997, 1998**

Region	Year-End 1996				Year-End 1997				Year-End 1998			
	No. of Projects	% of Total	Total IFAD Amt. USD m	% of Total	No. of Projects	% of Total	Total IFAD Amt. USD m	% of Total	No. of Projects	% of Total	Total IFAD Amt. USD m	% of Total
Africa I	56	23.3	551.1	19.7	50	20.6	500.4	17.0	53	21.3	531.7	17.2
Africa II	42	17.5	447.2	16.0	44	18.1	459.4	15.6	45	18.1	498.3	16.1
Asia	55	22.9	774.2	27.7	58	23.9	878.0	29.8	59	23.7	886.2	28.6
LAC	48	20.0	501.4	17.9	46	18.9	525.2	17.8	46	18.5	560.1	18.1
NENA	39	16.3	521.5	18.7	45	18.5	586.3	19.9	46	18.5	620.5	20.0
Total	240	100.0	2 795.5	100.0	243	100.0	2 949.4	100.0	249	100.0	3 096.8	100.0

² All amounts quoted in this document are the original amounts approved by the Executive Board. Amounts relating to projects are given in United States dollars (USD) and include component grants.



B. Overall Performance/Health of the Portfolio

16. The Guidelines for Portfolio Review provide the framework and PSRs the building blocks to monitor and manage IFAD's project portfolio. PSRs contain a number of indicators to assess project performance. These are transformed into a single composite indicator for each project as listed below:

Category

- | | |
|---|----------------------------------|
| 1 | Problem free |
| 2 | Minor problems |
| 3 | Major problems but improving |
| 4 | Major problems but not improving |

17. The intention of pursuing vigorous project portfolio management is not simply to pass a verdict on performance rating, but more importantly to concentrate on priority follow-up actions to improve the performance of the portfolio.

18. The guidelines are intended to provide a more uniform approach to assessing project performance with the aim of identifying problems and constraints affecting implementation and, on that basis, deciding upon remedial measures. The use of a common format is also expected to facilitate analysis of generic issues and trends in the overall portfolio performance over time. In situations where the CI does not provide any performance rating or their performance indicators do not correspond to those defined by IFAD³, country portfolio managers (CPMs) use their informed judgement to rate the projects, based on participation in supervision missions, critical review of supervision and progress reports and discussions with counterparts in the respective CIs.

19. Normally projects rated as category 4 – with major problems but not improving – are those severely hit by factors beyond the control of project management, such as natural disasters and civil unrest. The extent of physical damage in such cases makes achievement of project objectives extremely difficult over the envisaged implementation period. Nevertheless, there are examples where IFAD did succeed, in collaboration with the governments concerned, in alleviating the negative impact of natural disasters (such as *El Niño* in Ecuador and other Pacific/Andean countries) by reallocating funds to rehabilitate infrastructures vital to beneficiaries. In some cases, projects are rated as category 4 when the project is under suspension for a prolonged period.

20. Projects rated as category 3 display a wide spectrum of implementation problems that are by and large under control. For purposes of the portfolio analysis, the total number of projects falling under these two categories has been aggregated and reviewed against the total number of projects under active implementation. Preliminary results indicate that about one-third (33%) of the active IFAD project portfolio fell under categories 3 and 4 combined. The number of projects classified under category 4 has decreased from 12 to 10, compared to the mid-year overall portfolio review. Similarly, the number of projects classified as category 3 has decreased from 59 to 55 over the same period. As PMD is refining both the methodology of performance rating and the means of verifying information on key performance indicators, these figures should be treated as tentative. Several rounds of iterative review of IFAD's portfolio are needed to arrive at a benchmark against which the future trend in overall portfolio performance can be judged.

³ The closest rankings are those provided by UNOPS, which is responsible for just over 50% of IFAD's active portfolio.



21. The overall performance of IFAD's portfolio seems to be generally in line with that of other international financial institutions (IFIs). This point is of considerable importance, bearing in mind that IFAD's projects have unique characteristics that significantly influence their implementation performance. These include the relatively weaker institutional capacity of implementing agencies dealing with the rural poor, the time required to mobilize the support of implementing agencies and participation of beneficiaries, and the remoteness of IFAD project areas from mainstream economic activities.

22. It should be kept in mind that implementation performance is also often affected by facts beyond IFAD's influence – changes in the political system and fluctuation of personnel both in the relevant ministries and in the project management units. This may adversely affect the aggregate indicators of portfolio performance. The real challenge for effective portfolio management is thus graduating projects from a lower to a higher category of performance. The decrease in projects with major problems over the last six months in 1998 is due to efforts made by the regional divisions to address pressing implementation issues. Regional divisions are closely monitoring the implementation of the project-specific remedial measures for what they consider to be problem projects. Such measures are reflected in each PSR, and have been discussed with the CI, project staff and policy makers at the country level.

23. In 1998, there has been increased IFAD participation in the supervision missions of CIs to better address IFAD-specific project implementation issues. During its annual meetings with CIs, IFAD has provided directives on the composition of supervision missions for a more efficient conduct of supervision work and backstopping on technical and managerial issues. Mid-term reviews (MTRs) or diagnostic missions have been advanced to reformulate the design and implementation arrangements of problem projects. When it has been necessary to amend the design, more participatory approaches have been put in place to address weak institutional capacity where this is a major hurdle to project implementation (see section VII, paragraphs 129-132). All such remedial actions are jointly decided upon by regional division directors, CPMs, other IFAD divisions concerned, and CIs in consultation with project management staff. Indeed, graduating projects from one category to a higher one forms part of the scorecard of PMD. The cross-cutting issues presented in the remaining part of this section transcend regions and necessitate, in addition to country-specific action plans, a more holistic remedial approach and/or concerted follow-up to maintain the present positive trends in IFAD's portfolio.

C. Generic Issues and Remedial/Follow-Up Action

24. **Pre-implementation performance.** In 1998, an increase was noted in the length of time taken for projects to become effective, as shown in Table 3. Projects declared effective during the year took, on average, 14.4 months after Executive Board approval. This is three months longer than the overall average of 11.4 months. The delay is due to the time taken between approval and signing of the loan agreement: 6.4 months in 1998 as compared to 3.9 months for the period 1995-1997 and 3.7 months overall.

**Table 3: Average Period from Loan Approval to Effectiveness by Region**

Region	Number of Effective Projects			Approval to Effectiveness (months)		
	1978-1998	1995-1997	1998	1978-1998	1995-1997	1998
Africa I	104	15	5	13.4	12.8	19.8
Africa II	87	18	7	11.2	11.9	17.8
Asia	127	22	8	7.8	6.8	6.6
LAC	85	17	8	15.7	21.7	19.7
NENA	79	17	7	10.3	10.7	10.1
Total/Average	482	89	35	11.4	12.4	14.4

25. Regions encountering the longest delays are Africa I, Africa II and Latin America and the Caribbean (LAC), where five loans took more than two years to become effective; one each in Africa I and Africa II and three in LAC. In Africa I, the signing of the loan agreement for the Special Country Programme - Phase II in Niger (project ID 434-NE) only took place after the arrears settlement plan between IFAD and the Government was negotiated. For the South Eastern Dry Areas Project in Zimbabwe (project ID 435-ZW), although the loan agreement was signed one month after Executive Board approval, delays in the finalization of cofinancing arrangements and recruitment of the technical assistance team held up loan effectiveness. Delays in obtaining the Government's guarantee of counterpart funding contributed to the delay in effectiveness for the Rural Development Project for the Northeastern Provinces in Argentina (project ID 506-AR). In Costa Rica, a decision by the Ministry of Finance not to sign new external financing severely delayed the parliament's approval of the Agricultural Development Project for the Peninsula of Nicoya (project ID 371-CR). Delays in signing the loan for the Programme for Rural Development and Reconstruction in the Quiché Department (PRODERQUI) in Guatemala (project ID 1008-GT) were due to the lengthy procedures in approving all projects by the congress. Excluding these loans reduces the length of time from approval to effectiveness in 1998 to 11.5 months.

26. The examples cited above make it clear that the main causes for a prolonged pre-implementation period vary from region to region. However, the most common causes are delays in parliamentary approvals, which can lead in turn to considerable delays in the preparation of the legal opinion and its presentation to IFAD, invariably a condition of loan effectiveness for all loans. Another cause is changes in the administrative/institutional structures requiring modifications in the arrangements for project implementation.

27. **Remedial action:** A number of remedial measures are underway to address this situation. Project development teams and regional divisions are paying increasing attention to streamlining and simplifying conditions of effectiveness. Clear identification of core project staff and their sensitization during project appraisal is expected to shorten the time lag between approval and effectiveness. More emphasis on a participatory approach involving all major stakeholders and implementing agencies during the design stage is also expected to reduce the duration of the pre-implementation period (see section VII, paragraphs 94-97).

28. Special Operations Facility (SOF) funds have been utilized to carry the momentum generated during project development into the implementation period. They are an important bridge between the design and implementation phases and help sustain the enthusiasm generated by participatory project design. While SOF funds are often used to expedite effectiveness, equally important, SOFs have been used to finance activities for a more effective project start-up. These activities include processes associated with: annual work programmes and budgets, procurement, monitoring and



evaluation and reporting. The work carried out under SOF lays the foundation to internalize these processes, which is expected to lead to better implementation performance. Investments made during the pre-implementation phase in the clear definition of these processes yield benefits throughout the life of the project.

29. Eighteen grants under the SOF were approved in 1998 for a total value of USD 1.28 million, an average of about USD 69 000 per project: African countries received the largest share of SOF grants, i.e., ten grants equivalent to 57% of the value of SOFs approved in 1998. The regional breakdown is: six for Africa I (USD 450 000 equivalent), four for Africa II (USD 267 500), five for Asia and the Pacific (USD 275 000), two for LAC (USD 165 000) and one for the Near East and North Africa (NENA) (USD 90 000).

30. **Project extension.** Of the 24 projects closed in 1998, 15 were extended, involving an average period of extension per project of 1.3 years (Table 4). The extension by an average period of just over one year does not, in a number of cases, relate to a prolonged physical implementation period of a project compared to the original closing date. Extension of closing dates is not always avoidable, especially when loan effectiveness has been delayed considerably, as this period has been included as part of the project implementation period.

Table 4: Project Extension

	Closed IFAD Projects 1981-1998	Closed IFAD Projects 1998
Number of Projects	271	24
Expected Project Duration (Years)	6.0	7.3
Period of Extension (Years)	1.8	1.3
Actual Project Duration (Years)	7.8	8.7
Average Time Overrun (Percentage)	31	18
Extended Projects:		
Number	210	15
Percentage	77	63

31. Factors leading to loan extension are varied. Some such factors can well be regarded as beyond the control of project and even government authorities, while others are not. For projects extended recently, in the majority of cases extension became necessary due to natural disasters (cyclone and flood), social and civil unrest in the project area or the overall security situation in the country, financial crisis, complex implementation procedures, turnover of key project staff, start-up delay and lengthy procurement procedures, unfavourable macroeconomic environment leading to high inflationary pressure and lack of counterpart funding.

32. **Follow-up action:** IFAD's policy in agreeing to loan extension is largely governed by keeping the overall size of its active project portfolio stable, to the extent possible, in order to contain increases in administrative costs. This policy has been pursued vigorously by balancing entries to and exits from the active portfolio, as well as by close review of requests for extension of the project implementation period. This is clearly evident in Table 4, where the average period of extension for the 24 projects closed during 1998 of 1.3 years is compared to the overall IFAD historical average of 1.8 years. It is also significant to note the trend in Table 5, which shows a noticeable reduction of the percentage time overrun since 1993.

**Table 5: Percentage Time Overrun of Closed Projects**

Year	No. Projects Closed	Average Expected Duration (years)	Average Actual Duration (years)	Percentage Time Overrun
1993	26	5.9	8.8	48.2
1994	15	6.1	8.4	37.0
1995	13	6.1	7.3	20.0
1996	22	6.2	8.1	30.2
1997	27	6.5	8.4	28.8
1998	24	7.3	8.7	18.3

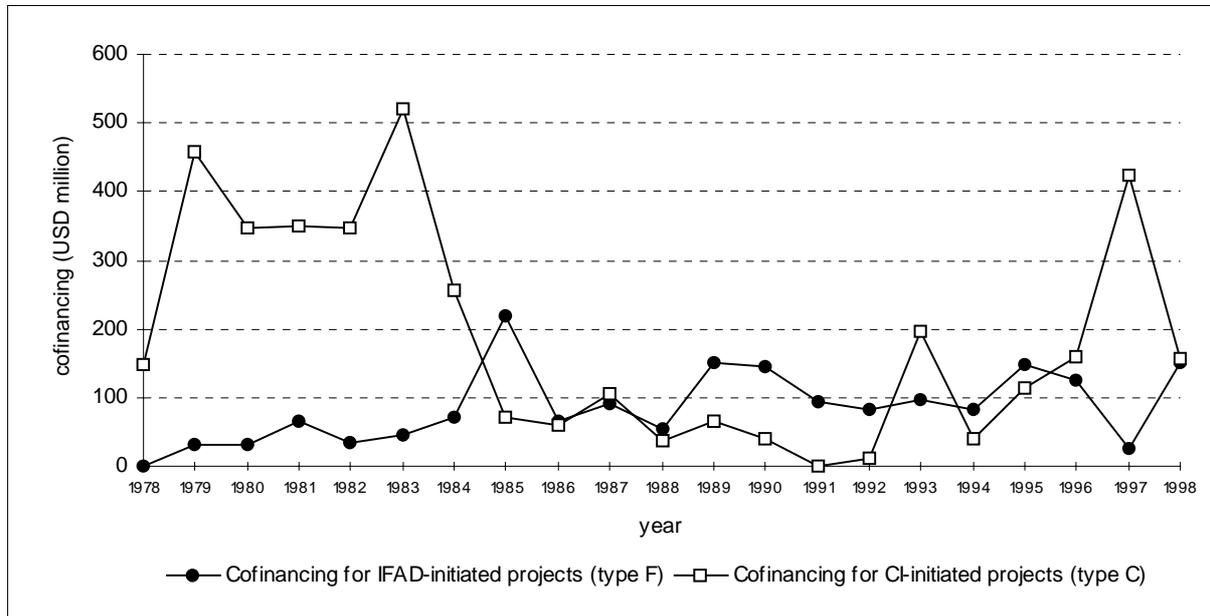
33. In the cases in which extensions have been granted, the prime consideration has been if and how any given extension provides added value to project performance in the achievement of its objectives. Moreover, for the purposes of clarity in defining the actual implementation period, a new operational procedure has been introduced in 1999 whereby the loan implementation period, as defined in the project design, is counted from the date of loan effectiveness.

34. **Cofinancing:** In the period under review, the actual number of IFAD-initiated projects cofinanced by others increased from 13 to 15, i.e., half the number of projects approved. The amount of cofinancing resources mobilized for each dollar lent for IFAD-initiated projects was USD 0.44 in 1998, as compared to USD 0.38 overall. Of the total cofinancing provided for these projects, the respective projects' CIs contributed USD 70.4 million (47%), other multilaterals USD 47.8 million (32%), bilateral institutions USD 15.1 million (10%) and the remaining USD 17.4 million (12%) by cofinanciers who are still to be determined (of which, USD 14.1 million is cofinancing for a project approved in December 1998 under the flexible lending mechanism, in which a number of possible cofinanciers have expressed interest – see section V).

35. The amount of cofinancing by year and type of financing is shown in Chart 1. Cofinancing for projects initiated by other financiers in 1998 shows a decline when compared with 1997, where the exceptionally high level of cofinancing is mainly due to IFAD's collaboration with the World Bank for one project in Africa II and with the Asian Development Bank (AsDB) for two projects in Asia. Nevertheless, if compared with performance since the early 1990s, the overall trend is upward. It should be noted that the amount of cofinancing with major IFIs is very much determined by the strategy of IFIs towards financing the agricultural sector and by the modality of financing (i.e., programme versus project loans). In the case of cofinancing for IFAD-initiated projects, the amount of cofinancing mobilized increased significantly since 1997 from USD 26.0 million to USD 150.6 million. The level of cofinancing for IFAD-initiated projects achieved in 1998 is the highest since 1985.



Chart 1: Cofinancing by Year and Type of Financing



36. In Africa I, the International Development Association (IDA) is the largest cofinancier and accounts for 49% of cofinancing. This is followed by bilateral donors (mainly Belgium, including the Belgian Survival Fund (BSF), France, Germany and The Netherlands), which collectively account for 13% of total cofinancing in the region. Next in the order of magnitude are the West African Development Bank (BOAD) and the African Development Bank/African Development Fund (AfDB/AfDF), the OPEC Fund, and the United Nations Development Programme (UNDP), whose contributions to the total regional cofinancing are 8%, 7%, 4% and 3%, respectively.

37. In the case of Africa II, the main multilateral cofinanciers include IDA, with a contribution of about 48% of the total cofinancing, followed by AfDB/AfDF with 11%, the Global Environmental Facility (GEF) 5% and the OPEC Fund 3%. The combined share of bilateral donor cofinancing for Africa II is 25%: mainly Belgium/BSF, Denmark, France, Germany, The Netherlands, Switzerland and the United States Agency for International Development (USAID).

38. As for Asia and the Pacific, the main cofinanciers are AsDB with 40% of cofinancing, followed by IDA and the World Food Programme (WFP) with 14% each. The largest bilateral donors are Japan with 10% and The Netherlands with 6%. An important feature of the cofinancing arrangements for this region in recent years has been a significant increase in cofinancing from WFP, which amounted to 57% of the total cofinancing in 1998. The main country to benefit is China. Another feature of cofinancing was the major increase noted in 1997 as a result of the scaling up of IFAD-initiated projects by other IFIs.

39. As for LAC, the Inter-American Development Bank (IDB) is providing 30% of total cofinancing, the International Bank for Reconstruction and Development (IBRD)/IDA 19%, the OPEC Fund 10%, the European Union and WFP 8% each. For the countries in NENA, three major cofinanciers provide a large part of the total cofinancing amount: IBRD/IDA 37%, AFESD 36% and the Islamic Development Bank (IsDB) 9%. In 1998, the NENA division mobilized the most cofinancing resources for IFAD-initiated projects.



40. **Follow-up action:** Aware of the importance of strengthening strategic partnerships, IFAD is actively pursuing its efforts to mobilize additional cofinancing resources for rural poverty alleviation projects. Regional divisions are pursuing their contacts with bilateral donors through more visits to headquarters and field offices as well as sponsoring joint staff meetings. In addition, regional divisions are also exploring possibilities for increasing cofinancing activities with regional and subregional financial institutions, such as the Arab Fund for Economic and Social Development (AFESD) and BOAD. One important strategy being adopted is that of publicizing IFAD's best practices for their possible scaling up by other donors and vice versa. A number of strategy workshops launched in the Asia and the Pacific region during the year were intended to forge partnerships with host governments, NGOs and the in-country residents of external donors.

41. **Loan disbursement.** By the end of 1998, cumulative disbursements⁴ since 1979 for SDR loans under the Regular Programme and the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA) had reached SDR 2 630.9 million. Total disbursements in 1998 under both the Regular Programme and the SPA amounted to SDR 220.6 million for 273 loans, representing an increase of 17% from SDR 188.5 million disbursed for the 256 loans under implementation in 1997, and an increase of 22% from the SDR 180.3 million for 245 loans in 1996 (Table 6). The upward trend in disbursement performance is certainly the result of the intensification of efforts to resolve disbursement issues.

Table 6: Disbursement by Region
(SDR million)

Region	FY 1996		FY 1997		FY 1998	
	Total	%	Total	%	Total	%
Africa I	33.9	19	36.3	19	35.6	16
Africa II	27.0	15	23.4	12	32.0	15
Asia	61.0	34	69.2	37	70.7	32
LAC	24.6	14	33.1	18	37.2	17
NENA	33.9	19	26.5	14	45.1	20
Total	180.3	100	188.5	100	220.6	100

FY = Fiscal Year

42. As a general rule, delayed project start-up activities, complexity of project design involving many implementing agencies, weakness of the financial coordination units of projects and delays in administrative procedures of the central government were found to have been adversely affecting disbursement performance. Delays in providing accounting returns by implementing agencies to receive fresh funds from the project also affect the flow of loan funds to various implementing agencies. Another important factor is the inefficiency of the central accounting units of projects in submitting timely withdrawal applications to reimburse projects' special accounts. There have also been numerous cases in which delays in project expenditures have been caused by delays in timely procurement.

43. **Follow-up action:** Concerted efforts to maintain the current upward trend are well in progress for the ongoing portfolio as is clearly reflected in trends for disbursement. As a first step for already approved but not yet launched projects, IFAD is emphasizing orderly project start-up activities. This includes efforts to expedite project effectiveness. During start-up workshops, CPMs and CIs encourage the setting up of accounting systems and, if necessary, arrange for the preparation of the related manuals for loan administration. Examples of this include the loan administration

⁴ The first ten projects approved by the Executive Board in 1978 were approved and disbursed in USD. These have been excluded from calculations relating to cancellation and disbursement.



workshops in Asia and West Africa in 1998, and the launching of a workshop with the Regional Unit for Technical Assistance (RUTA) for Latin America and the Caribbean. This workshop resulted in the preparation of loan administration manuals that are being used for training-cum-problem-solving. Future loan administration workshops will be more focused on the requirements of projects. Emphasis is being placed on training and financial administration at the project start-up stage. Ex-post solutions already applied include reallocation of project funds after in-depth supervision work or project mid-term review(MTR)/evaluation.

44. **Loan cancellation.** For loans closed during 1998, SDR 25.6 million of the original allocation was cancelled. Eighteen out of the 20 loans⁵ that closed during the year had part of their loan amounts cancelled although ten loans in total disbursed more than 90%. The level of cancellation as a percentage of total commitment decreased to 17% as compared to 23% in 1997. The overall average is 17%.

45. **Reasons:** Non-extension of certain projects and advance cancellations of part of the loan amount are reflective of IFAD's response to changes in demand on the part of the ultimate project beneficiaries as well as the borrower countries, or as a response to circumstances external to the project. During implementation, the environment may change significantly, necessitating cancellation or reduction of components and activities originally envisaged. Some cancellations are due in part to fluctuations in exchange rates. Other factors, particularly for loans that disbursed less than 80%, influenced IFAD's decision to cancel part of the original loan proceeds.

46. Nine closed loans in 1998 experienced cancellation of 20% or more of the original loan amount. Underlying reasons for cancelling part of the loan proceeds for these loans include non-performing components, withdrawal of the main cofinancier from the project, leading to the reformulation of IFAD's part of financing, severe project management problems, lack of counterpart funds and/or prolonged socio-political unrest. In one instance, cancellation took place in advance of the original loan closing date, in consultation with the Government, because of unsatisfactory progress in project implementation.

47. **Loan suspension.** Twenty-five loans (as compared with the 1997 total of 40 loans) were under suspension due to arrears at some time in 1998 (six were suspended more than once). During the course of the year, suspension was lifted for 17 of the loans, as a result of follow-up on the part of IFAD. The eight loans that remained under suspension at the end of 1998 include five in Africa I (The Congo, Gabon, Sierra Leone (two loans) and Togo) and three in Africa II (The Comoros).

48. **Remedial action:** Regional divisions are making every effort to assist governments in working to quickly and effectively lift suspensions due to arrears. For countries where the security situation is unstable, IFAD has been able to do little to effect payment, even though regional divisions have formulated alternative scenarios to deal with the situation. These include projects in The Congo and Sierra Leone. Once stability returns to these countries, IFAD will work with the governments to determine modalities for lifting suspensions and resuming implementation activities. Projects in The Comoros were under suspension for much of 1998. An IFAD mission visited the country in May 1998 and a plan to pay off the arrears was agreed with the Government. While current arrears were cleared by December 1998, suspension of the portfolio has not been lifted, pending assurances that the Government will continue to service its debt in a timely manner; in

⁵ "Loans closed in 1998" refers to the number of loan accounts closed during the year and not to the number of projects completed. This distinction is made to allow calculation of the final disbursement by loan. In general, loan accounts are kept open after project completion to allow processing of outstanding withdrawal applications.



addition, the Government has also agreed that a portfolio review will be conducted before the lifting of the disbursement suspension. An IFAD mission visited Togo in 1998, at which time the Government agreed to clear its arrears by the end of the first quarter of 1999. An IFAD mission to Gabon to discuss arrears, among other things, is scheduled for the first quarter of 1999.

49. **Unsatisfactory project performance as a result of inadequate project management and inadequate institutional capacity of the project implementing agencies.** This was noted in a number of regional portfolio reviews, particularly in Africa. In this region, the situation is compounded by macroeconomic problems and lack of counterpart funds from the governments. In addition, in Africa and in countries where a decentralization policy is being pursued, the relationship between the central and local governments will have to be further clarified for a more precise demarcation of responsibilities and flow of funds.

50. A common factor affecting institutional capacity of the implementing agencies is the high turnover of project staff. Project staff rotate on an administrative and political basis to take up positions elsewhere within the governments. Complexity in project design, especially in the case of multisectoral projects, has led to a multiplication of the implementing agencies. This, in turn, has affected the coordinated preparation and implementation of the annual programme of work and budget and timely submission of progress and annual reports.

51. **Remedial action:** The issues mentioned above are being dealt with on a project-by-project basis in collaboration with the CIs concerned. These include establishing focal points (where they do not exist) for the IFAD portfolio in those countries with a critical mass of ongoing projects in order to expedite some of the administrative issues at the country level. Similarly, qualified local non-governmental organizations (NGOs) are being identified to provide technical and management backstopping. These measures, to a certain extent, compensate for the lack of IFAD's presence at the field level. In addition, NGOs and other private operators are mobilized to act as subcontractors to carry out certain implementation activities in which government institutions have been judged to be performing poorly. Some regions initiated country portfolio reviews in countries experiencing problems. Such reviews took place in Nepal and Indonesia in 1998 with the objective of enhancing the health of the country portfolios. These reviews were attended by government officials, NGOs, donor representatives and other stakeholders. The result of such reviews led to remedial actions in 1998. Planned actions for these and other countries are also being prepared for 1999. In the event of inadequate performance progress, these might well lead to partial or total loan cancellations.

52. **Implementation of the credit component.** In a number of projects with classical credit designs, the following problems were identified: lack of interest by some formal credit institutions in catering to the requirements of the target group, insufficient institutional capacity at the grass-roots level to organize beneficiaries in order to reduce credit delivery costs, and problems associated with loan recovery and marketing constraints, which have in turn led to the inability of beneficiaries to sell their goods and repay their loans. It has been observed that the disbursement of funds allocated for the line of credit (and subsequent loan recovery) should be carefully balanced against considerations for a demand-driven approach for the promotion of microfinance.

53. **Remedial action:** In addition to the project-level responses being tackled during supervision and follow-up missions, this issue was judged to require a more coordinated response through better knowledge-management in order to provide real-life examples of best practices. Cross-fertilization of ideas on the topic of microfinance, in which IFAD has acquired a certain comparative advantage, is intended as a tool to spread existing knowledge across a wider geographical region. IFAD actively collaborated in launching an international workshop on rural microfinance in Accra, Ghana, in November 1998. The objective of the workshop was to bring together a varied group of microfinance



practitioners, policy makers, researchers and rural development funding agencies to: (i) exchange knowledge and experiences related to innovations in microfinance for the rural poor; (ii) identify the implications for policy; and (iii) define an action plan for follow-up based on a declaration drawn up by the workshop participants. The workshop has been a collaborative effort among IFAD, the German Foundation for Development Cooperation (DSE), the International Food Policy Research Institute (IFPRI), German Agency for Technical Cooperation (GTZ), the International Cooperation Centre on Agrarian Research for Development (CIRAD), and the Bank of Ghana. Follow-up actions to the workshop are well underway through the TAG for Microinitiatives in Rural Finance for the poor. Almost without exception, mobilization of savings constitutes an integral part of any credit activity in the new generation of projects. To consolidate IFAD-wide knowledge on microfinance, a policy paper will be elaborated in the course of 1999.

54. **Monitoring and evaluation.** This issue was raised in a good number of PSRs and deserves attention for two interrelated reasons: (a) the generally recognized role of M&E as a management tool to monitor and redirect project performance; and (b) the necessity of accumulating the required information and necessary inputs to measure the achievements of the project's development objectives and field-level results. Inter- and intraregional differences are clearly evident in the performance of the M&E system of IFAD-assisted projects. Ironically, shortcomings are generally observed over a wide spectrum, ranging from inadequately defined indicators to overdesign of the entire M&E system; the latter acts as a guarantee of the system's non-application. IFAD aims to strengthen the M&E system of projects in the pipeline as well as ongoing projects with three basic objectives: (a) improve project performance; (b) generate information for measuring results; and (c) cross-fertilize ideas, inter- and intraregionally, through more efficient knowledge management.

55. **Remedial action:** IFAD's approach in addressing this issue is part of the larger context of sharpening IFAD's focus in project design and enhancing participatory approaches in both design and implementation. With the monitoring indicators provisionally set at the time of design, the use of the logical framework (logframe) approach provides a link between the design and supervision phases. For this reason it was felt that this approach already in use by many staff should be adapted, supported and maintained in a more systematic way. An international consultant was recruited in May 1998 to conduct a needs assessment for a large cross-section of IFAD staff as to the kind of approach IFAD needs, and to develop a logframe structure and process that respond to these needs. The consultant held a two-day demonstration workshop for about 25 staff who reviewed the proposed approach. In addition, coaching was also provided to CPMs for 13 projects to strengthen current project designs. This was followed by expanded training in December 1998 and January 1999 in which ten managers and 40 staff (at beginner and intermediate levels) were coached in eight groups, each consisting of five professionals. Furthermore, ten focal points from different divisions received trainers' training to act as resource persons in their respective divisions. Preparatory work is underway for an outreach programme, based on feedback from the trained staff. A major emphasis of the entire exercise is to define project objectives in measurable terms – quantity, quality and time – and to develop various instruments to facilitate such measurement. This will enable IFAD to improve the quality of project design due to better internal consistency and logic.

56. **Provision and timely availability of counterpart funds.** This constitutes a problem in a relatively large number of cases across geographic regions. Counterpart funds are either not made available or not released on time, delaying implementation. Once the issue of counterpart funding becomes chronic for any given project, it might affect sustainability.

57. **Remedial action:** In situations where the country is known to have this problem, assurances are sought during the project cycle, particularly at loan negotiations, that required allocations will be made in the public investment programmes of the Government. During project implementation, this



approach is followed up when field trips are carried out and at supervision missions. On numerous occasions, meetings were held with high-level officials of the ministries of finance to solicit funds for the affected projects and to expedite budgetary allocation when overdue.

58. **Audit reports.** As part of loan administration, the monitoring of timely receipt and review of audit reports is the responsibility of CIs. The performance of CIs in this respect is not uniform, some apply strict sanctions for non-compliance with timely submission by the projects; other CIs show some flexibility as to the timing of receipt of audit reports. In some cases substandard audit reports are returned for further elaboration.

59. **Remedial action:** With the increased use of PSRs in divisional portfolio reviews and PPMS, the required data to form an IFAD-wide baseline is being established. This will facilitate closer monitoring by CPMs, regional divisions and IFAD on the timely receipt of audit reports. The CIs have been asked to systematically comment on the quality and adequacy of audit reports and include their observations in the aide-mémoire of the supervision mission. Regional divisions will ensure that this aspect is reflected in the terms of reference of supervision/follow-up missions. In collaboration with the Controller's Office (VC), and with technical backstopping support from the Office of Internal Audit (OA), recommendations and action plans are being prepared. Special attention will be paid to close scrutiny of the audit reports of directly supervised projects.

III. TECHNICAL ASSISTANCE GRANTS

60. In 1998, 110 technical assistance grants (TAGs) for USD 30.2 million were approved for grant-funded operations. Over the period 1978-1998, a total of 1 123 TAGs for USD 295.1 million and 86 TAGs for USD 24.1 million were approved under the Regular Programme and the SPA, respectively (Table 7).

Table 7: Summary of Technical Assistance Grants

	1978-1998				1998			
	No. of Grants	% of Total	Grant Amt (USD m)	% of Total	No. of Grants	% of Total	Grant Amt (USD m)	% of Total
Project Preparation	188	15.6	34.1	10.7	0	0.0	0.0	0.0
Project Component	35	2.9	24.5	7.7	0	0.0	0.0	0.0
Project Development Fund	370	30.6	30.3	9.5	20	18.2	7.8	25.9
Research	170	14.1	131.6	41.2	8	7.3	8.3	27.4
Research CGIAR	119	9.8	89.0	27.9	6	5.5	6.2	20.5
Research non-CGIAR	51	4.2	42.5	13.3	2	1.8	2.1	6.8
Other Research, Training and Others	145	12.0	73.3	23.0	37	33.6	11.1	36.7
SOF	117	9.7	13.4	4.2	18	16.4	1.2	4.1
Preliminary Development and Testing Phase	45	3.7	3.6	1.1	3	2.7	0.3	1.0
IFAD/NGO/ECP	139	11.5	8.3	2.6	24	21.8	1.5	4.9
Total	1 209	100.0	319.1	100.0	110	100.0	30.2	100.0

A. TAGs to CGIAR and Non-CGIAR-Supported Centres

61. The links between the research TAGs and lending programmes continued to be enhanced in 1998. Particular efforts were made to design adaptive research programmes that can be linked with IFAD-supported investment projects, so that technologies developed under the TAG programme will be more easily adopted by the target group. A sharpened focus was put on crops and commodities that form a part of the basic diet of the rural poor in rainfed drylands. Continued support was given to the encouragement of participatory technological development initiatives. Efforts were made to identify viable options for enhancing the off- and on-farm income-generation potential of the rural



poor, with increased consideration given to their food security and their need to maintain the productivity of their natural resource base.

62. In 1998, six TAGs in the amount of USD 6.2 million were approved for agricultural research undertaken by Consultative Group on International Agricultural Research (CGIAR)-supported centres. They include the following: (i) Phase II of the Integrated Approach to the Assessment of Trypanosomiasis Control Technologies and their Impact on Agricultural Production, Human Welfare and Natural Resources in the Tsetse-Affected Areas of Africa; (ii) review of the Development Opportunities in the Non-Farm Sector of Asia; (iii) Integrated Management of Potato Late Blight Disease for developing an environmentally sustainable approach through farmers' field schools; (iv) Development and Application of a Biological Control Programme for the Cassava Green Mite in Africa; (v) Validation and Delivery of New Technologies for Increasing the Productivity of Flood-Prone Rice Lands in South and Southeast Asia; and (vi) Integrated Feed and Livestock Production in the Steppes of Central Asia.

63. Two TAGs in the amount of USD 2.1 million were approved for research undertaken by non-CGIAR-supported international centres. They include: (i) Programme for the Development of a Regional Strategy for the Utilization of the North-Western Sahara Aquifer System; and (ii) Programme for the Sustainable Management of African Fruit Flies.

B. Regional TAGs

64. The regional TAGs aim at: (i) encouraging experimental and innovative initiatives for replication and scaling up; (ii) reinforcing the operational capacity of lending-based projects through specific training and technical assistance; and (iii) generating and sharing experience among IFAD's loan projects in a region, and promoting the access of rural organizations to external knowledge through thematic regional and subregional networks. In 1998, grants in the amount of USD 6.6 million were approved to support regional activities that will help to achieve the objectives of the regional lending programme. The eight TAGs are: (i) Programme of Electronic Networking for Rural Asia/Pacific Projects; (ii) review and testing of Participatory Processes through Learning from NGO Experiences in Asia and the Pacific; (iii) the Latin American Regional Training Programme in Rural Development - Phase II; (iv) Strengthening the Framework for the Provision of Investment Capital for the Rural Poor in Sub-Saharan Africa; (v) Regional Capacity-Building Programme on Microcredit Systems in Latin America and the Caribbean; (vi) FIDAMERICA Network - Phase II; (vii) Creating a Regional Network in West and Central Africa (FIDAFRIQUE); and (viii) the East African Subregional Pilot Project for Farmer/Field Schools.

65. As part of the efforts to ensure the quality of the portfolio, the performance of regional TAGs was closely monitored in 1998. The assessment of the implementation progress of regional TAGs was also integrated into the semi-annual portfolio review. The performance assessment has revealed that, despite their small scale and pilot nature, regional TAGs have a significant impact on institutional strengthening and a multiplier effect on strategic-linkage development, inasmuch as: (i) Internet-based telecommunications are involved in most of these operations; and (ii) important cofinancing is provided by the executing agencies and other partner institutions.



IV. DIRECTLY SUPERVISED PROJECTS

66. During 1998, the IFAD Executive Board approved ten projects for direct supervision⁶ by IFAD, bringing the total number of projects approved for direct supervision to 13. It is anticipated that two more projects will be presented to the Executive Board in 1999 to reach the ceiling of 15 directly supervised projects during the pilot phase. Of the 13 projects, seven are cofinanced with other IFIs or bilateral donors, including AFESD, Belgium/BSF, Denmark/Danish International Development Assistance (DANIDA), Germany/GTZ and WFP. A list of the directly supervised projects is found in Annex II. The loan administration of these projects has or is to be contracted out to UNOPS.

67. Selection was governed by the Criteria for the Selection of Projects under Direct IFAD-Supervision (submitted to the Executive Board in September 1997). In terms of project design, all 13 projects contain innovative elements – the most striking of which is the flexible lending mechanism approved for the project in Mali. Three other projects (in Gaza and the West Bank, Sri Lanka and Zimbabwe) feature innovative process or programme approaches to implementation. The private sector and NGOs are involved in the implementation of most of the projects. NGOs will work largely in the areas of rural financial services, community development and local capacity-building, while such activities as civil works, technical assistance and other services are envisaged to be contracted out to the private sector.

68. Eleven projects include activities in the rural financial services sector, including the development of microfinance institutions. Four projects (in Armenia, Gaza and the West Bank, Oman and Zimbabwe) focus on the smallholder irrigation subsector. Common resources management will be explicitly supported in four projects (Bangladesh, Gaza and the West Bank, Mali and Oman). All 13 projects include modalities for beneficiary participation, including demand-driven yearly planning activities. The particular needs of women have been taken into account in the design of these projects. The projects in Benin and The Gambia focus on provision of financial services to women, while the projects in Brazil and Peru seek to achieve more gender-oriented policies.

Progress

69. As most of the IFAD directly supervised projects have only recently been approved, it is too early to make comparisons between those directly supervised and those supervised by one of IFAD's traditional partners, particularly in the area of the impact of direct supervision. The directly supervised projects have, however, made significant progress in either implementation or in achieving pre-implementation preparatory work (those projects approved by the Executive Board in December 1998 are not included in this review).

70. The **Agricultural Diversification and Intensification Project** in Bangladesh (project ID 1029-BD) was the first project approved for direct supervision (April 1997). At the end of 1998, it had disbursed 16% of the loan proceeds. The WFP cofinancing has also become effective. A successful start-up workshop was held in June 1998. Five orientation workshops have been conducted in the districts to sensitize and orient field staff to project activities and their role with respect to beneficiary participation. Booklets/leaflets describing the project activities and approach have been widely distributed to beneficiaries, field staff and local government representatives. Some 300 m of bridges have been constructed and bitumen carpeting has been laid on 3 km of rural roads. A

⁶ Provision for annual reporting on directly supervised projects is contained in paragraph 13(c) of document GC 20/L.10/Add.1.



'bottom-up' approach in the implementation of discrete project activities will be employed to ensure that beneficiaries' needs and views are properly reflected.

71. The **North-West Agricultural Services Project** in Armenia (project ID 1038-AM) was approved in December 1997 and became effective in April 1998. By the end of 1998, the project had already disbursed about 29% of the loan proceeds. Key performance targets are being met or exceeded. Some 50 farmers are involved in seed multiplication activities over approximately 400 ha (these activities are being implemented by an NGO, the Armenian Technology Group). Eighteen water users' associations (WUAs) have been formed and the designs for rehabilitation of those 18 schemes have been completed. Under the rural credit component, more than 600 loans have already been made to farmers. A subsidiary implementation agreement has been signed with a local NGO, Shen, to carry out the community development component; activities under this component are expected to begin in 1999.

72. A project for the **Development of the Puno-Cuzco Corridor** in Peru (project ID 1044-PE) was also approved in December 1997. The loan has not yet been signed due to problems associated with the designation of the project executing agency. It is anticipated that these problems will be resolved in the near future and that the project can be declared effective in the first half of 1999.

73. The **Benin Microfinance and Marketing Project** (project ID 1028-BJ) was approved in April 1998 and signed in July 1998. All of the conditions for effectiveness have been fulfilled except approval by the National Assembly (due to problems external to the project). In anticipation of imminent loan effectiveness, a number of start-up activities have been completed under SOF financing to expedite project implementation. These activities include: preparation of the procurement plan for the next two years, preparation of bidding documents and completion of a report on the capacity of potential NGO partners. In addition, the baseline survey and design of the project's M&E system are well under way.

74. The **Participatory Natural Resource Management Programme** in Gaza and the West Bank (project ID 1074-PS) was approved in April 1998 and the loan signed in May 1998. It is expected that the project will be declared effective in early 1999. The project start-up workshop has been held and participatory monitoring workshops have been conducted in pilot villages. AFESD approved their cofinancing for this project in September 1998.

75. In September 1998, the Executive Board approved the **District Development Support Programme** for Uganda (project ID 1060-UG), covering three districts. Although the loan has not yet been signed, approval by the National Cabinet was obtained in November 1998. Cofinancing from BSF has been approved for activities in two of the districts; a needs assessment for the third district was undertaken in December 1998, and approval for the financing of the agreed activities is anticipated. This programme expands (both geographically and in terms of the proposed interventions) a successful pilot project in two of the districts sponsored by BSF. As such, the programme will benefit from the implementation experience of the two districts as well as from the already established linkages with local NGOs and women's groups.

76. The guidelines for directly supervised projects, which were prepared in 1997, were further reviewed and streamlined during 1998. A reporting format for directly supervised projects was also prepared as part of the guidelines, and field tested with one ongoing project under IFAD's direct supervision. A training workshop was conducted on the Principles of International Competitive Bidding and Ethical Considerations in late January 1999 for a better appreciation of the various steps involved in different types of procurement as well as possible implications of certain actions (or inaction) in the procurement process. Consultative meetings were held within IFAD to define



indicators for the measurement of the impact of direct supervision, and the following provisional indicators representing a mix of quantitative and qualitative indicators were identified:

Indicator	Control Group	Remarks
1. Period between Executive Board approval and loan effectiveness	IFAD-initiated projects approved since April 1997 as well as other IFAD-financed projects in the same country	Need for ex-post analysis to determine association between this variable and project implementation period
2. Disbursement performance	As above	Compared to staff appraisal report (SAR) estimates and IFAD model
3. Cost of supervision per project/year	Ongoing IFAD projects supervised by CIs for the same year	Reflect costs comparable to CI costs (i.e., including a measure of staff costs)
4. Timely identification of actual and potential problems and innovative nature of addressing the issues	Same as 1 above	Implementation period used as a proxy indicator for effective problem-solving. Innovative aspects will rely on narrative/anecdotal evidence
5. Timely follow-up action during country visits and from headquarters	Same as 1 above	Implementation period as proxy indicator
6. Accumulation of first-hand knowledge and identification of cross-cutting issues to positively influence IFAD's entire portfolio and strategy in a given country	Sample survey of ongoing projects supervised by major CIs	Narrative/anecdotal evidence; performance of projects approved post-IFAD supervision
7. Identification of new project concepts for inclusion in the pipeline	As above	Narrative; projects approved post-IFAD supervision
8. Period between field mission, receipt of aide mémoire, preparation of supervision report and dispatch of the management letter	As above	Working days
9. Periodicity and timeliness in the receipt of project reports, e.g., progress report, annual programme of work and budget (APWB) and audit reports	As above	Working days
10. Timely processing of key documents, withdrawal applications, request for "no objection", etc.	As above	Working days
11. Assessment by implementing agencies	Other IFAD-assisted projects supervised by CIs in the same country	Questionnaire

77. These indicators will have to be reviewed at least one year after most directly supervised projects have become fully operational.



V. FLEXIBLE LENDING MECHANISM (FLM)

78. During the approval of the FLM at the Sixty-Fourth Session of the Executive Board in September 1998, IFAD undertook to report progress on the implementation of projects under the FLM in its annual Progress Report on the Project Portfolio⁷.

79. The overall objective of the FLM is to introduce a greater degree of flexibility into project design and implementation in order to: match the project time frame with the pursuit of long-term development objectives when it is judged that a longer implementation period is required to meet these objectives; maximize demand-driven beneficiary participation; reinforce grass-roots capacity development; and ensure that critical financial and programming control mechanisms are in place so that funds are managed judiciously and development objectives achieved.

80. Introducing such an innovative approach is not without risks. IFAD has developed a set of safeguards in the recently approved Sahelian Areas Development Fund Programme in Mali (project ID 1089-ML, approved in December 1998) to ensure that project activities have the desired impact and that funds are well managed. The most important safeguards are the pre-conditions and joint IFAD/government/CI assessments to be carried out before the scheduled end of each cycle during programme implementation. The role of M&E will be enhanced, with effective M&E performance included as a pre-condition for triggering the initiation of second and subsequent project cycles. Finally, traditional programming and control procedures such as annual work plan and budget exercises and regular financial audits will continue.

81. As it has only recently been approved, progress on the Sahelian Areas Development Fund Programme in Mali is mainly confined at this stage to such pre-implementation work as supporting the Government in fulfilling conditions of loan effectiveness. The loan agreement has been signed. Implementation of the SOF is expected to start during the first quarter of 1999 and activities include a socio-economic baseline survey in the programme area and the identification of grass-roots farmers' associations. The teams of local and international consultants and the national institutions concerned are ready to start once the grant agreement is concluded. With the help of these activities, the loan agreement is expected to become effective during the first half of 1999. A number of donors have expressed interest in possible cofinancing.

VI. COOPERATING INSTITUTIONS FOR PROJECT SUPERVISION

82. The project portfolio is being administered by ten CIs and IFAD, of which UNOPS is responsible for 100 projects (47%), the World Bank for 42 projects (20%), and AFESD and CAF for 15 projects (7%) each. Details of the number of projects and the volume of lending entrusted to the Fund's CIs are given in Table 8. Beginning in 1999, 15 projects are being transferred from the World Bank to other CIs; 14 to UNOPS and one to CAF. The World Bank and UNOPS continue to be responsible for the administration of approximately two-thirds of IFAD's ongoing portfolio.

⁷ See the closing statement of the President to the Sixty-Fourth Session of the Executive Board in September 1998.

**Table 8: Distribution of the Portfolio by Cooperating Institution
Year-End 1998**

Cooperating Institution*	No. of Projects	% of Total	Total IFAD Amt. USD m	% of Total
AfDB	7	3.3	60.3	2.4
AFESD	15	7.1	198.9	7.8
AsDB	9	4.3	148.3	5.8
BCIE	5	2.4	45.4	1.8
BOAD	11	5.2	130.3	5.1
CAF	15	7.1	171.7	6.7
CDB	3	1.4	7.0	0.3
IDB	1	0.5	6.0	0.2
IFAD	3	1.4	34.9	1.4
UNOPS	100	47.4	1 315.3	51.5
World Bank	42	19.9	437.5	17.1
Total	211	100.0	2 555.6	100.0

* For full names, see Annex III.

83. Notwithstanding a high level of strategic collaboration between IFAD and the World Bank, expressing the growing convergence of institutional objectives with respect to poverty alleviation, the situation with regard to supervision of IFAD-initiated projects had to be reviewed. The transfer of 15 IFAD-initiated projects from the custody of the World Bank was due to a major increase in supervision charges. Specifically, the World Bank has sought in recent years to raise the cost to IFAD of supervision services for IFAD-initiated projects, eliminating what the World Bank has considered a subsidy element in the historical billing levels. However some ten IFAD-initiated projects have remained with the World Bank. These projects were selected on the basis of two criteria: (i) that they are nearing completion and therefore it was felt necessary to minimize any possible disruptions to project implementation; and (ii) technical and policy considerations. In addition, the World Bank will continue providing supervision services for projects typically initiated by them and cofinanced by IFAD.

VII. PEOPLE BEHIND THE PROJECTS: PARTICIPATION

84. Participation is used by IFAD as a means of both enhancing the quality and cost-effectiveness of the Fund's support to the rural poor and assuring their long-term access to the benefits of this support through empowerment. The participatory mode is included in project design to reduce project development and implementation costs, promote sustainability and replicability, take advantage of traditional practices and indigenous technologies especially suited to the environment and the absorptive capacities of the people, facilitate training, extension, input delivery, credit services and enhance community cohesion.

85. In addition, the ultimate goal of participation has been to raise people's awareness of their social entitlements, economic opportunities and obligations and, in so doing, move them from a state of dependency to greater self-reliance and enable them to assume an independent role in decision-making. The underlying assumption is that poverty eradication is an economic proposition, not just a welfare responsibility.

86. The first thrust of IFAD's corporate strategy envisages support for programmes driven by beneficiary participation in design and implementation. In recent years, however, attempts have been made to use participatory approaches even at the planning stage to better ensure that a project concept is consistent with the priorities of the people who will benefit. Participatory design better reflects needs, potential, and institutional and organizational realities and is expected to pave the way for



participatory approaches during project implementation. Participation in implementation aims to develop the capacity of all stakeholders to carry on activities after project support has ended. For the ultimate beneficiaries, the rural poor, this means that they must retain control over the benefits of the development activities that have been put in place.

87. In IFAD's project portfolio, participatory group-based mechanisms have increasingly been used as an instrument for targeting the poor. According to a recent targeting study by IFAD⁸, in the early period (1974-84) of its operations, about 63% of all projects⁹ were designed so that targeting was envisioned in a non-participatory way. In the middle (1985-90) and recent periods (1991-98), this proportion declined considerably. In the recent period, only 9% of the projects were designed with a non-participatory targeting method.

88. Information derived from PPMS indicates that the gap between the number of projects with a beneficiary contribution and the total number of projects approved has been narrowing since 1993 (Chart 2). There is a noticeable upward trend in beneficiary contributions, from 2.5% in 1993 to nearly 8% in 1997 of the total cost of projects approved during this period (Chart 3). In 1998 this share decreased to 7%. However, this apparent decline in the share of beneficiary contributions by 1% is due to a large research and training project approved in 1998 that does not involve a contribution from beneficiaries. If the figures for 1998 are adjusted accordingly, the share of beneficiary contributions in total project costs for 1998 would be the same as 1997.

Chart 2: Projects with Beneficiary Contribution

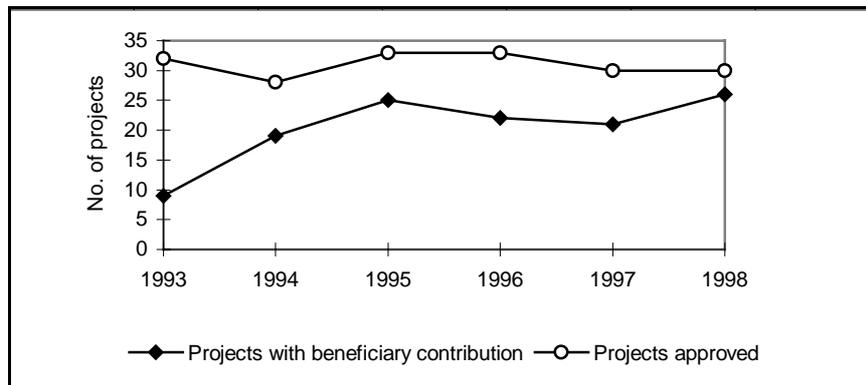
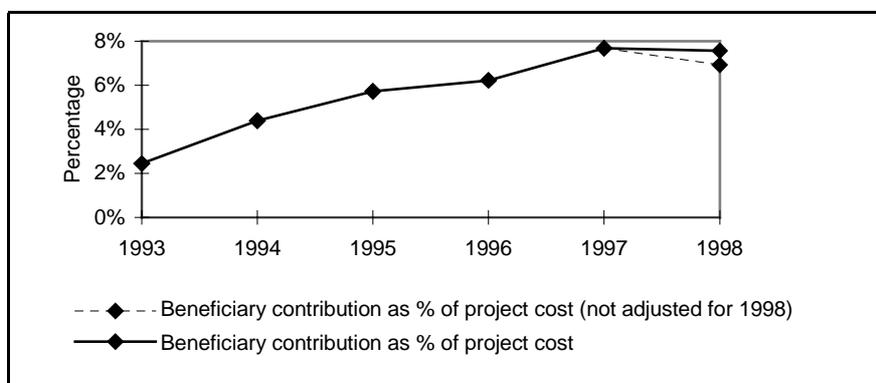


Chart 3: Beneficiary Contribution as Percentage of Project Costs



⁸ IFAD Experience with Targeting the Rural Poor, October 1998.

⁹ Total sample size of 65 closed and ongoing projects from different geographical regions.



89. In the ongoing IFAD project portfolio, participation continues at a number of different levels: with farmers, extension workers, district and/or local government administrations, central ministries and through parliamentary approval of IFAD loans prior to implementation. Participation is also encouraged through such different types of organizations as NGOs, community-based organizations, farmer groups and public institutions, all of which may be involved in implementation. In many situations, the theme of participation reflects civil-governance and civil-society issues, since decentralization and economic liberalization have been the major policy thrusts in a number of countries since the late 1980s.

90. Certain trade-offs are inevitable in the adoption of participatory approaches. On the one hand, participation requires time, because the design of participatory arrangements usually requires careful interactive work with beneficiaries and, consequently, the pace of progress is very much dependent on the unfolding of rapport and mutual understanding. On the other hand, planners are often concerned with internal deadlines for approval, financial planning and the portfolio construction process. Project implementers are also judged by their ability to “get things done” during their period of office, rather than by their interaction with beneficiaries and the foundations such interaction may have laid. All these opposing forces affect effective participation.

91. In addition, implementation management and the M&E systems can have considerable impact on participation. Poor implementation management – resulting mainly from excessive project scale and complexity and an ineffective project management system – affects participation through undermining beneficiaries’ confidence in the project. Meanwhile, the weakness of the M&E systems in effectively supporting participation can be caused by (i) the failure to restrict data collection to a minimal set of clearly relevant indicators and (ii) the over-emphasis on quantitative data and the neglect of relevant but highly qualitative data (e.g., the increased awareness of water-and-health issues *vis-à-vis* water points installed, and the growth of women’s confidence *vis-à-vis* groups registered).

92. In order to consolidate the progress already made by IFAD in promoting participation under its project portfolio, further follow-up is needed on the following measures:

- (a) Assess the training needs and the strategies for incorporating the changes in orientation and specific, participation-related skills of IFAD staff, the staff of related institutions, independent consultants, and key project stakeholders and beneficiaries.
- (b) Pay more attention to the issue of team management skills, particularly among potential and acting team leaders; make time and resources available for this purpose.
- (c) Improve the implementation management of projects, through training and through the specification of appropriate project management methods, both in defining MIS requirements and in defining the skills and background of the relevant project design and evaluation staff.
- (d) Review the major tensions between the drive to extend participation and the existing processes and requirements (e.g., time spent on component identification and design, project duration, criteria for extending project life, etc.). Such a review should bear in mind that participatory projects inevitably take more time and require a change in attitude.



- (e) Improve the acceptance of the use of a logframe approach right from the design stage in order to define indicators for measurement of the project implementation progress and its impact on beneficiaries, and use this technique to promote participatory design, monitoring and implementation.

93. The examples selected for presentation in the remaining part of this section are intended to show instruments, processes and practices of – and, where appropriate, lessons learned from – selected projects in IFAD’s ongoing portfolio and pipeline.

A. Participation at the Planning and Design Stages

94. A number of participatory approaches have been used to build strategic linkages with actual and potential local and overseas partners. Such collaboration with development partners has also been used to scale up successful approaches. In 1998, a workshop was convened in **The Philippines** and attended by about 56 participants representing governmental agencies, NGOs, IFAD and other intergovernmental organizations. IFAD was interested in centring a new project design on government/NGO initiatives that had already been successful here in alleviating poverty. The workshop yielded outputs that provided guidance to IFAD’s project pipeline for the country and amounted to a mandate, supported by participants, that supplied IFAD with a strategic thrust and enlisted NGO collaboration in implementing it.

95. Prompted by the successful Philippines workshop, new initiatives followed for participatory preparation of country strategic opportunities papers (COSOPs) for **India** and **Indonesia**. The reality-check workshop for India was held in June 1998. Brainstorming within a small group of participants – consisting of India’s best-performing NGOs, academicians, government representatives and the staff of successful, bilaterally funded projects – helped IFAD to mould and finalize its strategy paper for India. The COSOP for Indonesia benefited from another successful reality-check workshop (October 1998) to which a number of beneficiaries were invited. The chairwoman of a P4K self-help group from Banyumas, central Java, made significant contributions to the workshop by sharing her personal and her group’s concrete experiences and reactions to the Indonesia crisis. It emerged that the impact of the crisis had been somewhat absorbed by the savings group. Participation of beneficiaries in the Indonesia workshop proved extremely useful in providing first-hand information for project planning.

96. The recent move in **Ghana** towards decentralization has facilitated participatory project design, including more scope for stakeholder planning involving local communities. Formulation and appraisal of the Upper-East Region Land Conservation and Smallholder Rehabilitation Project - Phase II, have been highly participatory, with substantial contributions from project staff, district authorities, beneficiaries, NGOs, traditional leaders and the private sector. The broad orientation and methodology of the new project were discussed, and a national team was appointed to undertake studies prior to formulation. NGOs participated actively in these studies; meetings were held with groups of potential beneficiaries in representative districts to discuss their assessment of the causes of poverty and the proposed solutions. Two well-attended workshops, which included participants from district assemblies, representatives of beneficiaries, and district and regional staff from various implementing bodies, were held in Bolgatanga to discuss the results of the project formulation/appraisal work undertaken by the national and international teams.

97. Another example of stakeholders’ active involvement in design is the Rural Development Project for the Central Region—Phase II (PRODAP-II) in **El Salvador**. Participatory rural appraisal (PRA) and gender-analysis techniques were used to enable the men and women of a community to express their problems, needs and priorities and to formulate local solutions. Four workshops were



organized in selected communities using such simple but effective tools as: (i) “the 24 hour clock”, which shows how men and women distribute their daily working and leisure hours; (ii) “the annual calendar”, which helps determine the division of labour in productive activities; (iii) “the map of the future”, through which groups of men and women can express their expectations and dreams; and (iv) “the institutional diagram”, which shows the level of organization of the community and the different ways men and women participate in local and external organizations. After formulation, six participatory workshops were organized with community members, local authorities and NGOs as well as selected members of the project appraisal mission. These workshops aimed at validating the technical proposal of PRODAP-II as presented in the formulation report and ensuring that the proposed project activities genuinely address the problems identified by the communities. Local NGOs and community-based organizations with the potential to implement project activities were also identified.

B. Decentralization and Strengthening of Local Communities

98. The process of decentralization under way in many countries has created a new situation for rural poor farmers. Centuries of dependence on central authorities have to be overcome and local institutions strengthened.

99. After decentralization in **Uganda**, local government and district administrators had some idea of district development needs, but no experience in prioritizing them nor in project implementation procedures. Furthermore, local governments lacked understanding of their appropriate role in serving and helping local communities. The first IFAD-designed initiative to explicitly aim at strengthening local government and district administration was the Hoima-Kibaale Agricultural Development and Community Support Project, financed by the Belgian Survival Fund. The project encountered many problems for the above-cited reasons, and field implementation was delayed two years. However, after intensive efforts and technical advice in skills and management training, combined with a conducive policy environment, the project made substantial progress. This provided a model for a number of IFAD projects subsequently developed for Uganda. The situation concerning decentralization is still not entirely problem-free; local counterpart funding remains to be satisfactorily resolved, and flexibility in project design should be exercised to respond to changing local conditions.

100. *Lessons learned:* Extensive consultations are required at various levels to effect a truly participatory approach to project implementation; in the absence of sufficient budgetary support from the central government, some means of cost recovery is necessary to generate incomes at the local level.

101. Participatory techniques have proved effective in reversing dependency and strengthening local communities. In **China**, training programmes in PRA methods are familiarizing township project management officials with the ongoing Southwest Anhui Integrated Agricultural Development Project and the recently approved Wulin Mountains Minority-Areas Integrated Development Project. The projects help officials assess rural needs and act in concert with grass-roots stakeholders at all stages of project design and implementation. Before project start-up, a small but increasing proportion of project staff will receive training in participatory approaches.

102. *Lessons learned:* For implementation to be really effective, training of project staff on participatory methods will have to continue until a critical mass of trained staff is available. Only then can it be hoped that participatory methods will be incorporated into project implementation.



103. It is known, however, that the introduction of participatory techniques takes time. The Participatory Resource Management Project in the Tuyen Quang Province in **Viet Nam** is a good example of a slow but steady participatory method in project implementation. Over the past few years, the project has made significant progress in promoting genuine participation. Decentralization of planning and implementation responsibilities to implementing agencies at the provincial and district level was enacted by the provincial administration in January 1997. The annual work plan and budget for 1998 was based on a participatory planning exercise in more than 100 communes covering more than 1 200 villages and over 40 000 households. A recent supervision mission has observed that the process of decentralization is now well established at the provincial level, and institutional capabilities have improved significantly.

104. **Lessons learned:** Efforts to “institutionalize” decentralization must take place simultaneously at all levels of government (national, provincial, district, local). At least in the initial phase, the most critical level for change is generally the district. However there is a need to expand decentralization further to implementing units at the district level.

105. The recently approved Village Communities Support Project is the first phase of a long-term project of support to decentralized rural development in **Guinea**. The project seeks to strengthen local governance in rural Guinea and promote the social and economic empowerment of the rural population, including women, youth and other marginalized groups. Project preparation has been based on a collaborative process involving local teams of consultants, government officials and beneficiary representatives. During the process, the teams promoted a series of workshops with communities, the NGOs responsible for the preparation of pilot operations and the key stakeholders at the central level in order to solicit views, ideas and opinions on the design and implementation of the project. Preparatory activities culminated in a validation workshop to seek approval by all potential project actors. This process will continue to encourage long-term commitment and partnership.

106. Four linked participatory elements form the basis of the Smallholder Dry Areas Resource Management Project in **Zimbabwe**: training, participatory diagnostic surveys, decentralization and cost recovery. Heavy reliance has been placed on “training for transformation” and similar training processes. The local NGO Silveira House has been contracted to train staff at all levels and in all relevant agencies. The PRA process has promoted a “learning by doing” approach and has assisted communities in identifying problems, the causes, and priorities for developing the community. Following training, and building upon the PRAs, district-level farming systems development (FSD) teams (agricultural research, veterinary services and extension specialists) conducted a series of diagnostic on-farm surveys in each of the project’s wards to identify topics for project research and extension. The teams are supporting Agritex and communal farmers in participatory adaptive trials to enhance food security. Annual work plans and budgets are being developed from the village level through to district, provincial and national levels. To the extent possible, the project has used a cost-sharing approach, in cash and in kind.

107. **Lessons learned:** The most important lesson from implementation has been that the processes required to establish a participatory approach are slow. They require institutional reorientation, modification of administrative procedures and systems, and extensive training of staff. It took two years to develop a framework and to get to the stage where smallholders are beginning to implement hundreds of community development projects, income-generating activities, trials and demonstrations.

108. Participation lies at the heart of community strengthening. The soil and water-conservation activities of the Agricultural Resources Management Project in the Governorates of Karak and Tafila



in **Jordan** have been implemented through a participatory process aimed at sound management and conservation of the natural resources available to local communities. The services of the NGO CARE have been used to implement the community-based spring and canal rehabilitation component. CARE's involvement has centred on (i) demonstrating a sustainable participatory approach to counterpart organizations, training of government staff at the central and field level in participatory methodology, mobilization of community organizations to strengthen the local population, and skills training; and (ii) strengthening the institutional capacity of local organizations in terms of self-reliance and self-help through joint project planning, management and practical training.

109. *Lessons learned:* Beneficiary participation during the early phases of the design stage are critical to the success of projects dealing with common resource management. Financial contributions by the beneficiaries have been effective in order to foster ownership and enhance sustainability.

110. The availability of credit is an obviously important feature of support to participation. One of the key thrusts of the participatory approaches in the En Nahud Cooperative Credit Project in **The Sudan** was the provision of financial services to the target groups through registered agricultural credit cooperatives. It was found, however, that this excluded widely dispersed small communities. The project and the beneficiaries were able to reach a consensus with the State Office of the Registrar of Cooperatives and the Agricultural Bank of The Sudan on the formation of informal farmers' and women's groups with access to credit from the formal financial sector. Some 98 agricultural credit cooperatives (10 000 members, of which 13% are women), 82 informal farmers' groups (4 200 members) and 80 women's groups (4 000 members) have been formed to date. These cooperatives and groups have been the venue for the high levels of beneficiary participation in the articulation of needs, and the development by the project of a strong network of services for agricultural and community improvement at the village-level. In conjunction with the cooperatives and groups, an extension network covering more than 160 villages has been established. It is supported by some 500 community-based extension agents, of which 44% are women, selected and supported entirely by the communities' own agricultural development committees and women's groups. They provide a wide scope of self-help services including training, information campaigns and demonstrations. One innovative feature of participation has been the introduction of a water yard programme. It has focused on overcoming problems of maintenance and operation of these essential water sources following the divestment of their control from the Federal to the State Government. At the request of the local communities, they have been privatized and the State Government has passed legislation to ensure that they remain the property of the communities.

111. *Lessons learned:* Participatory processes addressing needs of local communities should envisage, where appropriate, changes in national legislation. A conducive legal and regulatory framework – often neglected – is a pre-condition for the establishment of associations that ensure that decisions on their own affairs are made by the people.

112. WUAs and their variants are participatory by definition. The following two summaries address, respectively, the assumptions underlying WUAs, the need to include system management in project design, specific steps and a methodology. In the IFAD-financed projects in **Armenia** (the Irrigation Rehabilitation Project and the North-West Agricultural Services Project), about 100 WUAs have been established and an appropriate legal framework developed. Support is based on the following assumptions: (i) improving infrastructure alone often has only a temporary effect and stimulates rather than breaks the cycle of dependence on continued outside assistance; (ii) the water users themselves have superior knowledge of their irrigation system and the improvements needed; (iii) a structured process is required to develop the management capabilities of WUAs and promote their participation in decision-making; (iv) transfer of management responsibilities should be accompanied by a participatory design and rehabilitation process; and (v) sustainable management by WUAs is promoted when all



interested parties share in decision-making and financing. IFAD has provided assistance in developing the legal framework that guides the formation of WUAs and supports their registration as legal entities. The development of WUAs follows a step-by-step approach that includes intensive training and guidance in irrigation management, including operations and finance, maintenance, and the development of internal rules and regulations. Participatory decision-making in design and WUA participation in construction supervision and labour are emphasized. WUAs in Armenia have assumed financial and operational responsibility for the management of the tertiary system and have established their own internal laws and by-laws.

113. **Lessons learned:** A carefully phased approach, including training, follow-up and monitoring, in the formation of WUAs is the primary ingredient of success. It is also important to clarify the legislative framework early in the process. Institutional development should be seen as a pre-condition to construction in order to enhance long-term sustainability.

114. Even if the Small-Scale Irrigation Schemes Rehabilitation Project in **Haiti** is still in an early phase of implementation, beneficiary participation is manifest in all project activities, particularly in the development of water users' associations (*groupements d'usagers* – GDUs). In fact, the main strategic dimension of the project is the organization of beneficiaries into these GDUs, ultimately responsible for the maintenance and management of their rehabilitated irrigation systems. Women have been encouraged to play a major role in decisions related to the systems. This approach, innovative for Haiti, has already been successfully tested and constitutes a favourable basis for the project development phase. It includes three subsequent steps: development and strengthening of beneficiary awareness and establishment of temporary management committees, training in management of the systems, and support to the creation and consolidation of GDUs. The adopted methodology emphasizes the sharing of responsibilities between the State and users in watershed environmental protection and the importance of agricultural development support services.

115. **Lessons learned:** As with other irrigation projects, the formation of WUAs (or GDUs) before construction has proved to be a valuable instrument both to encourage participation and promote sustainability. The GDUs provide beneficiaries with a forum for decision-making and an avenue to express demand.

116. While the projects in Armenia and Haiti centre on WUAs as participatory structures, the execution of activities in the Management of Natural Resources in the Southern Highlands Project (MARENASS) in **Peru** is based on the participation of peasant communities. This is a particular social organization of a group of families linked through kinship who share a communal territory and exploit existing resources on a communal or family basis. The training system used by the project is known as *Pacha Mama Raymi*, based on the Ritual of the Celebration of Mother Earth. It features farmer-to-farmer extension through contests organized and judged by the communities themselves. The project provides training and awards. Ninety-nine peasant communities in three departments of the Southern Region of Peru have initiated project activities and have received the first transfer of funds to their bank accounts, with each community receiving USD 1 250. The project has helped the communities organize some 400 contests in different productive activities. Within the framework of the contests, small farmers use these funds to contract the services of local peasants with expertise in the management of productive natural resources, as well as technicians and professional staff in agriculture and livestock. The peasant communities choose the themes, according to their needs and their past, present and future vision of community plans.

117. **Lessons learned:** The farmer-to-farmer method of training adopted in this project, based on traditional practices, proved effective in promoting participation.



118. In the context of decentralization and the strengthening of local communities, commitment to participation can only be complete where it is fully understood by the officials operating in the field. In **India**, the Andhra Pradesh Participatory Tribal Development Project has encountered serious problems in that respect. Here, IFAD attempted to bring participation within the existing structure of a government programme. Project officers were appointed who worked very effectively; however, in most cases, this work was nullified due to transfers. Moreover, where a programme has been run with a service delivery (supply side) orientation, the crucial factor becomes that of changing peoples' attitudes. PRA was introduced and staff were later provided with management skills training. However participatory methodologies were not fully designed and incorporated during implementation. Consequently, operators in the field were not fully aware of the extent to which they had to stimulate the 'demand side' of the project and encourage beneficiary decision-making. Communities remained heavily reliant on aid in the form of subsidies rather than loans and were not encouraged to initiate, fund and undertake their own rural works. Community organizations remained extremely weak and lacked a point of entry. To resolve these problems and, in particular, to change the attitudes of project staff and the people, the project contracted the NGO Outreach – which specializes in participatory techniques – to train field workers and beneficiaries. A further objective was to organize savings groups with the idea that these would eventually strengthen or take over from village development tribal associations (VDTAs). One year after these changes were implemented, Outreach can be said to have had limited success – in a quantitative sense rather than qualitatively. The NGO failed to bring about a complete overhaul of the official attitude, due mainly to a lack of manpower. Where the NGO presence has been strong, villages have begun to show signs of participatory development.

119. **Lessons learned:** One important lesson is that, in the future, greater attention should be paid to deliberately pairing NGO workers with other field workers (such as the VDTA workers) on a permanent basis. This will incorporate participatory concepts more thoroughly and uniformly into the actions and attitude of field workers. In response to IFAD's experiences in Andhra Pradesh, the Madhya Pradesh-Bihar project (currently in the pipeline) has been designed with empowerment as opposed to service delivery as a major force for guaranteeing decision-making by the people.

120. A final observation regarding participation at all stages, however, comes from **Panama**. The participation of beneficiaries in the Rural Development Project for the Ngobe Communities dates from the formulation and appraisal stages. The Ngobe-Buglé indigenous communities conditioned their involvement in project activities on their direct participation from the outset. The Government of Panama and IFAD supported this modality, which has been under implementation for almost four years now. Participation of indigenous peoples in the project is threefold:

- They consider full participation in all project decision-making a social conquest. They are represented by four indigenous leaders on the Project Steering Committee, equivalent to 50% of the whole committee.
- They are able to establish priorities for their projects and activities through the regional heads of indigenous communities (*caciques*), who convene the indigenous organizations in each geographic department covered by the project area.
- The indigenous communities also participate at the family level in identifying and expressing their needs and in setting priorities at community gatherings.

121. **Lessons learned:** The recruitment of project staff from the indigenous community is one of the main factors in the project's success. The indigenous communities feel they are truly represented by project management, fostering a greater sense of ownership. In addition, communication with



grass-roots indigenous organizations and the beneficiaries themselves is facilitated by a common language.

C. Local Capital Formation and Empowerment

122. Local capital formation through savings mobilization to promote local enterprises has proved to be a valuable method of encouraging participation. Empowerment related to participation can be identified through several indicators, among which are a sense of initiative and project ownership, social institutions, food security and increased resilience to cope with crisis.

123. The importance of the combined effect of local capital formation and empowerment was clearly seen in the Asian crisis. The crisis had several adverse effects on the rural poor in **Indonesia**: the loss of remittances from urban areas (when city workers who had migrated from the villages lost their jobs); sharp increases in the prices of agricultural inputs, food and other essential commodities; the tightening of credit and reduction in savings. The coincidental and prolonged drought due to *El Niño* also caused a drastic decrease in food production in some areas. Small-scale entrepreneurs were among the hardest hit, witnessing a drastic decline in demand for their produce. However the P4K savings groups have helped to alleviate the full impact of the crisis on some of the rural poor. Firstly, the savings they had accumulated before the crisis helped them to either continue their economic activities despite the crisis, or at least to maintain the consumption levels of their households. Although there has been a marked decline in the level of voluntary savings of the groups, this should be viewed in the light of the crisis, where the savings provided group members with a safety-net. Secondly, savings groups empowered local people to develop strategies to cope with external shocks. Beyond mere financial support, this depended upon qualities that P4K has helped to bring out in the groups: initiative, organization, understanding of economic and marketing matters, solidarity, self-reliance, problem-solving abilities, and joint discussion and decision-making skills. Thus, during the crisis, group members gathered to discuss ways of responding. These included substitution of less profitable crops or enterprises by more profitable ones; use of cheaper production inputs; reduction of expenditure on consumer items; improvement of the quality and packaging of products; reducing the quantity of the product sold yet retaining the same prices; and selling in bulk at a lower price than the individual item. Thirdly, savings groups have been able to help the wider community. A cluster association of 16 P4K groups in Lombok province, for example, extended its savings and credit activities beyond its initial core of group members to 300 non-P4K members of their community.

124. *Lessons learned*: With the promotion of local capital formation in the form of group savings, the poor develop resilience and other capabilities, e.g., improving product quality and marketing outlets, that enable them to withstand crises.

125. Some savings mobilization and credit schemes originate as a necessary response to a non-functioning formal sector, but then go on to promote participation and empowerment. In the **United Republic of Tanzania**, formal financial institutions have not been able to provide financial services due to their bureaucratic procedures, insolvency and centralized operations. In collaboration with the Government, IFAD has initiated pilot programmes using the village-level savings and credit cooperative associations (SACCOs) as the focal points for interventions to meet the needs of the rural poor. As of the end of November 1998, SACCOs had been able to mobilize total savings of 238 million Tanzanian shillings (approximately USD 500 000), which have increased at the rate of 70% annually, and they have recovered about 91% of their mature loans. Credit was extended initially as production loans for inputs and equipment and later on for income-generating activities. Women became significant beneficiaries for the first time as a result of simplified procedures introduced by SACCOs. These grass-roots institutions have been able to meet the critical financing gap prior to planting, school fees for children and working capital for income-generating activities.



126. **Lessons learned:** There is a need for SACCOs to shed some of their cooperative features in order to embrace an appropriate corporate structure. A suitable institutional framework would allow them to operate as private banks in rural areas and to establish prudential regulatory norms for more efficient operation.

127. A corporate structure is already being implemented in **Benin**. The microfinance model being used there is called a financial services association (FSA). After only one year of operation, the FSAs in Benin seem to be doing reasonably well, and they are undeniably attracting considerable interest among the rural population in the Income-Generating Activities Project. As designed and practised, the system is an equity, risk-sharing-based, self-managing village microfinance bank that puts equal emphasis on savings mobilization and the extension of credit. The FSAs are initiated after undertaking PRAs in villages, marketing surveys, sensitization and extension, and are owned and operated by the villagers. The decision to form an FSA is made by the villagers, themselves, who are invited to join through the purchasing of shares (priced at CFA 2 500, equivalent to USD 5). External involvement in FSAs is limited to: (i) training of village-level management teams; (ii) sensitization and education of community members prior to creation of the FSA and during its infancy; and (iii) capital expenditure to build and equip the FSA building in the village. The villagers provide the labour to construct the building. No “cold money” is injected by the project into the FSA. It operates at the village level and is managed by the villagers following training. After three years of support, financial and managerial viability is reached and the costs of operation are borne fully by the FSA itself. The loan portfolio is financed solely from the purchase of shares. Although sustainability of FSAs will greatly depend on the continuation of the strong participatory drive, their initial performance is promising and provides scope for further expansion.

128. **Lessons learned:** Community-based capitalization and management of FSAs ensures that members perceive themselves as the owners, with borrowers clearly realizing that non-payment of their loans will cause damage to their neighbours and relatives. An effective plan of sensitization is essential before establishing an FSA, and should be repeated thereafter. Training must be provided at all levels – for board members, managers and beneficiaries.

D. Participatory Corrective Measures during Project Implementation

129. In **India**, the Bihar/Madhya Pradesh Tribal Development Programme reformulation set out to examine the core issues regarding the institutions that have proved to be effective in tribal areas, the cooperation and partnership among government, NGOs and communities, and the participatory methods and experiences that have been effective. The adoption of a programmatic approach was felt to be essential to demand-driven programme planning and execution. Changes were made in the project reformulation process itself. IFAD decided on a fundamental reassessment of its tribal development approach. A reality-check workshop in Gurgaon in April 1998 highlighted the importance of the new parliamentary decision on the extension of the *Panchayats Act* to the Scheduled Areas, which supports the empowering of tribal communities and their control over their own development and management of resources. This is now the main strategic thrust of the reformulated programme. It recommended the strengthening of *Gram Sabha* (village council) as the medium and agent of people’s empowerment, with a focus on consensus-building. It emphasized the adoption of a holistic approach to reflect tribal cosmogony and of a gender and equity perspective, the strengthening of women’s rights and legal literacy, and an acknowledgement of traditional skills and knowledge.

130. **Lessons learned:** The improved design for the Bihar/Madhya Pradesh Tribal Development Programme is now based on IFAD’s learning that the development of grass-roots institutions is



critical if the benefits acquired by the poor are to be protected and sustained. The programme design aims at strengthening their role by proposing the formalization of these institutions in the programme area. A further lesson IFAD learned from its extensive consultation with the Department for International Development (DFID), was the importance of focusing more specifically on rainfed agriculture. Consequently, this is the first IFAD-funded programme in India to adopt integrated watershed management as a methodology of support. This initiative makes a strong case for building strategic linkages with other organizations as well.

131. The Zacapa—Chiquimula Smallholders' Rural Development Project (PROZACHI) in **Guatemala**, which was closed in 1998, owes its successful completion to a reformulation of the project in 1993 that transformed the entire project into a participatory one. In the villages, promoters and technicians sensitized groups of beneficiaries and invited them to communicate their misgivings, desires and ideas for improvements. This was the beginning of a process that by October 1996 had reorganized PROZACHI completely. Every benefited community had selected people to coordinate the activities of existing organizations, forming central committees engaged in the reformulation of all communal activities. In 1994, 300 new rural committees had been formed and the process of granting credits was speeded up. Bureaucratic procedures were minimized and direct contacts between beneficiaries and PROZACHI personnel were facilitated at all levels. The thorough reorganization of 1994 proved that the strength of PROZACHI was the confidence and cooperation that had developed between peasants, promoters and technicians. By changing its structure PROZACHI had demonstrated great flexibility and sensitivity to the demands of its beneficiaries. Most peasants of the region agree that the presence of PROZACHI has been important to them. New roads have opened their villages to new markets and new ideas. The founding, support and stimulation of new organizations have enhanced the possibilities of the communities to change the lives of their inhabitants for the better. Finally, the information and training provided by PROZACHI's technicians and promoters have improved the peasants' management of their natural environment.

132. *Lessons learned:* This project highlights the importance of a flexible approach to implementation, and the benefits derived from a learning approach. The project team maintained direct and extended contact with the beneficiaries to ensure responsiveness to the expressed needs of the beneficiaries and to changes in the implementation environment. Training of the beneficiaries was an important feature, providing them with the tools to articulate and determine their needs in a collaborative fashion.

**REVIEW OF PROJECTS/PROGRAMMES CLOSED DURING 1998**

1. During 1998, 24 projects/programmes were closed and reviewed. These included six projects that were funded exclusively by IFAD, 17 initiated by IFAD and cofinanced, and one initiated by the CI. Agricultural development projects constituted the main project type (eight projects or 33%), followed by credit and financial services projects (seven projects or 30%). The geographic distribution of the projects/programmes reviewed is detailed in the table below.

Table 9: Distribution of Projects/Programmes by Region and Project Type

Project Type	Africa I	Africa II	Asia	LAC	NENA	Total	%
Agricultural Development	2	2	3		1	8	33
Credit and Financial Services	1		2	2	2	7	29
Irrigation					2	2	8
Livestock	1		1			2	8
Research/Extension/Training		1				1	4
Rural Development		1		2		3	13
Settlement				1		1	4
Total	4	4	6	5	5	24	100

2. The average disbursement rate (as a percentage of the original loan allocation) of projects closed in 1998 is 80%, an improvement from the 73% recorded for the 26 projects closed in 1997. Fourteen projects disbursed more than 85% of the original loan proceeds. Seven projects reached 100% disbursement (other projects may also be fully disbursed by the time the loan account is closed, ordinarily six months after project completion).

3. Fourteen projects were suspended due to arrears at some time during the course of implementation. The closed projects in 1998 underwent an average of 80 days of suspensions due to arrears, as compared to an average of 208 days for projects that closed in 1997. The project in The Comoros was suspended most often, six times for a total of 552 days.

4. Details of the above information by project are set out in the table found at the end of this Annex. The CI, financing type and time from Executive Board approval to effectiveness are also reported in this table.

A. Review of Implementation Performance

5. Projects were considered successfully implemented if they had satisfied at least two of the following criteria upon completion: (i) if there was clear evidence that the intended target population had benefited from the project, measured by an increase in income and/or other indicators of poverty alleviation; (ii) if the technical foundations for increasing productivity and income had been established; and (iii) if there was tangible proof that project organization and management had contributed to institutional development and sustainability – a key to this criterion of success was the sound financial management of the project. Percentage of disbursement of the original loan amount was also considered a factor in judging the projects. Sixteen out of the 24 projects were judged as satisfactory (comprising 70% of the total); the majority of these projects satisfied two or more of the set criteria.

6. The projects judged as unsatisfactory failed to meet their objectives to varying degrees; although most recorded some success in meeting selected targets, overall project achievements did



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not meet expectations. Lessons learned from the unsatisfactory projects have made important contributions to later project designs, and form an integral part of IFAD's knowledge base. Factors that constrained implementation were often outside the control of the projects, and were found to have affected both satisfactory and unsatisfactory projects. A project's ability to respond to changes in the external environment is a key element that distinguishes satisfactory from unsatisfactory projects. Important factors that had a negative impact on implementation, but have not necessarily resulted in unsatisfactory performance, include: suspensions (projects in Comoros, Rwanda, Senegal, Togo were suspended in excess of 200 days); internal unrest (Comoros, Rwanda, Togo); inadequate or untimely counterpart funding, in some cases linked to structural adjustment (Côte d'Ivoire, Ghana, Senegal, The Sudan); cancellation or reduction in cofinancing (The Sudan, Yemen); and changes in institutional arrangements (Bolivia, Côte d'Ivoire, Guatemala and Yemen).

7. A brief assessment of the performance of projects that closed in 1998 is provided below. The projects are grouped, for comparative purposes, according to the project type. Completion reports, supervision reports, evaluation reports and the recently developed PSRs were consulted for the review.

B. Agricultural Development

8. Cofinanced with UNDP, the **Shanxi Integrated Agricultural Development Project** in China (project ID 281-CN) was designed to increase the standard of living and productive capacity of 133 000 households in the Tai Hang mountains. The primary mechanism employed by the project was the provision of credit to small and marginal farmers for physical infrastructure, crop and livestock production and pasture development. The project had largely achieved its physical targets, including the introduction of new activities not originally envisaged, e.g., agro-processing and pig fattening. Together with the irrigation component, the land improvement component laid a solid foundation to achieve cereal grain production increases. While sericulture activities met or exceeded targets, income realized by the smallholders was affected by the export market for cocoons. Livestock activities were very successful, leading to increased calf survival and pregnancy rates. Pig fattening activities led to a net return of CHY 100 per fattened pig. Village-level enterprises resulted in an almost immediate generation of cash income. Agricultural support services, including fertilizer revolving funds, county seed companies, training and demonstrations, have been well received by farmers, although the number of women farmers trained is less than optimal. Devastating floods in August 1996 severely set back the realization of benefits under the project's core components, however, the experience gained under the project will contribute to the rebuilding process. Improvements in income and productivity have begun to be realized by beneficiaries and the technologies promoted by the project have been accepted and proven.

9. Increasing productivity and incomes of the poorest smallholders through a mixture of support to cash-and food-crop development and support to livestock production was the overall objective of the **Rural Development Project in the North-East** of Côte d'Ivoire (project ID 284-CI). The project was cofinanced with BOAD. The design included interventions in the areas of agricultural development (primarily for cotton and bottomland rice development), rural infrastructure, social infrastructure and institutional strengthening. The project suffered significantly from a vast reorganization of government support institutions, in particular the privatization of the cotton parastatal and its subsequent withdrawal from the project area. Due to economic uncertainties, farmers showed little interest in borrowing to develop cotton production, a centrepiece of the project design. Only about 50% of road rehabilitation works were carried out, partly due to inefficiencies of the Public Works Department; provision of village water supplies fared somewhat better and was well received by the beneficiaries. Activities directed specifically towards women (food-crop and horticultural development) and those under a Rural Development Fund met with the most success.



Three mutual credit and savings unions were formed under the project, and constitute a foundation for rural financial intermediation. IFAD learned important lessons from the project that have been incorporated into the design of the recently approved follow-up project for the area. These include: an emphasis on sustainability in the delivery of agricultural support services (including credit) through support to informal groups and service providers; a recognition of the role of women in the rural sector; and the importance of flexibility in project management and responsiveness to beneficiaries.

10. Funded under the Special Programme for Africa, the **Soil and Water Conservation and Agroforestry Programme** in Lesotho (project ID 445-LS) aimed to: (i) increase farm productivity, food production and household incomes through improved soil and water conservation measures; (ii) develop an ecologically sound agricultural production system by strengthening the institutional capacity of the national agroforestry research system; (iii) create an effective farmer-oriented national agricultural extension service; and (iv) coordinate and monitor the country's soil and water conservation (SWC) policies and programmes. Implementation was hampered by recurring droughts, persistent staff constraints and weak project management (mainly in the area of M&E). In particular, the extension reorganization activities were held back by shortages of area supervisors. Furthermore, problems stemming from non-compliance with sound procurement procedures and sound accounting practices resulted in the suspension of the IFAD loan and precipitated a change in senior project staff. Programme performance was generally disappointing. It was, however, successful in establishing the basis for agroforestry research tested on farmers' fields (about 360 on-farm trials were established) and in promoting the Machobane Farming System (MFS). This intensive cropping technique produced superior returns per acre even among resource-poor farmers, demonstrating that an innovative endogenous farming system can improve household food security and the nutritional status of the rural poor. IFAD's most recently approved project for Lesotho will introduce MFS to the highland areas. The programme appears to have contributed somewhat to the achievement of the first two objectives, however little or no progress was made towards the creation of an effective, farmer-oriented agricultural extension service or improved coordination and monitoring of SWC policies and programmes.

11. The United Nations International Drug Control Programme (UNDCP) and UNDP joined IFAD in financing the **Xieng Khouang Agricultural Development Project** in Laos (project ID 256-LA). The project aimed to improve food security and increase farm incomes in a remote area of the country; a reduction in opium poppy cultivation was to have been an important ancillary effect. Early project implementation was marked by weak project management and a low level of disbursement from the IFAD loan. A recent supervision mission found "active participation of the target households in all activities of the project as decision makers and owners of the project." The project's civil works have significantly contributed to improvements in the lives of the beneficiaries, e.g., water supply schemes have reduced the incidence of water-borne disease in the project villages, and village roads have provided access to remote and previously inaccessible villages. The project's interventions (irrigation, extension, training) have enabled producers to raise high-value crops like broccoli and asparagus. In order to consolidate and expand upon the achievements of this project, in particular in the areas of income diversification and marketing, a second phase was approved in December 1998. The project made important contributions to improving the incomes, productivity and general well-being of the beneficiaries.

12. The **Birunga Maize Project** (project ID 150-RW) was designed to intensify maize production and increase marketing and credit activities in the highlands of northern Rwanda. The first phase of the project (originally planned for three years) was devoted to a maize varietal screening programme and adaptive trials. Although the first phase took longer than anticipated, by the end of



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1989 more than 250 varieties had been tested and screened. The second phase of the project centred on the diffusion of maize seed and adoption of new cultivation practices and promotion of marketing activities. Implementation of the second phase was interrupted by the country's internal conflict. The project was reformulated in 1995, and reactivated in 1996. Farmers using technologies introduced by the project were able to achieve yields equivalent to those obtained under demonstration conditions. Although lack of storage depots and problems associated with transport of inputs persisted, food security in the project area greatly improved due to the project's multiplication activities and its diffusion of maize seeds and fertilizer. Target populations are currently in a position to ensure household food security from improved maize and potato crops. The recent supervision mission estimated that 90% of target farmers adopted maize varieties developed and promoted by the project. The project also made concerted efforts to integrate returning refugees into the project's activities. Household food security in the area has improved and the project was successful in developing and diffusing new technologies.

13. The **Second Barani Area Development Project** in Pakistan (project ID 257-PK) sought to increase the levels of farm household production, employment and incomes, particularly among smallholders, landless and women. Impressive progress was made in achieving physical targets. Virtually all targets under the watershed improvement component were met or exceeded. Adaptive research trials undertaken incorporated innovative and traditional SWC methods, tested improved seed varieties and explored technologies suitable for women. Although eight livestock production centres were established and vaccination campaigns were successfully conducted, other animal husbandry activities (distribution of poultry units and outreach training) performed less well. The women's extension service was strengthened through the training of 129 female extension workers. About 250 km of rural farm-to-market roads were upgraded (84% of the target), and 17 rural water supply schemes were completed (94% of the target). The most recent supervision mission found that incomes of project beneficiaries had risen considerably and that better techniques are now being used for on-farm water management and to control soil erosion. The recently approved **Barani Village Development Project** (project ID 1077-PK) builds upon the success of this project.

14. The **Agro-Forestry Development Project** in Senegal (project ID 447-SN) had two broad objectives: arresting environmental degradation and raising agricultural output among the target group living in Senegal's Groundnut Basin. Up to 1993, project implementation was generally good; however at that time an internal reorganization of ministerial responsibility resulted in a changeover of technical responsibility. Key project personnel also changed in early 1994, which led to a slowdown in project implementation. Renewed commitment to the project on the part of the responsible Ministry led to the replacement of the project management team in 1996, and a marked improvement in project implementation. The mid-term evaluation (MTE) noted that the "renewed confidence and hope, combined with a sense of the value of the protected plot and encouragement that this gives the farmers" was an important achievement of the project. The most recent supervision mission reinforced the findings of the MTE and, while noting some difficulties in project implementation, found that the project was successful in encouraging farmers to diversify and intensify production. Women benefited from agroforestry plots by being able to grow vegetables and other crops. The diversification of products contributed to ameliorating nutritional conditions and household incomes. Vegetative cover increased on the agroforestry plots, and fences were effective in reducing erosion caused by wind. IFAD learned important lessons for the future design of village and community agroforestry projects from this project. The recently approved project in Senegal, the **Agroforestry Project to Combat Desertification** (project ID 1102-SN), takes into consideration the importance of sensitizing and awareness-building before undertaking physical interventions.



15. In Yemen, the **Eastern Regional Agricultural Development Project** (project ID 228-YE) was designed to improve land productivity and increase the supply of groundwater. Implementation of the project was adversely affected by factors beyond the control of project management. The project also suffered from frequent suspension of the IsDB loan. Following unification, the cooperatives lost favour to the free-market system, making the cooperative development component of the project largely irrelevant. Credit to improve irrigation infrastructure proceeded well; irrigation works included both drip and spate technologies. The project pioneered a participatory approach to erosion control on wadi banks. Diversion weirs were promoted and gabion boxes and technical assistance provided to affected communities for flood protection works, for which the communities provided labour for construction and maintenance. Nonetheless concern remains about the intensity of well irrigation and declining water tables in the absence of sound water-management plans at the basin level. Good progress was made in the areas of agricultural extension, input supply, women in development and animal health, activities that helped farmers increase productivity and incomes. Given the difficult circumstances, the project made good progress in achieving its stated objective.

C. Rural Development

16. Cofinanced with the OPEC Fund and WFP, the **Chuquisaca South Rural Development Project** in Bolivia (project ID 218-BO) sought to increase smallholder production and productivity with a consequent improvement in incomes, nutrition and standards of living for about 4 260 small farm families. Combined with training and technical assistance, the project financed interventions in credit, extension and infrastructure. A restructuring of the public sector in Bolivia took place between 1993 and 1996, disbanding a number of national public-sector institutions in favour of decentralization and greater participation of the communities. While the new strategy is fully in line with IFAD's commitment to community and beneficiary participation, implementation of the project was disrupted by this process. A 1994 evaluation mission was fielded to reorient the project. The strategy for the provision of credit and technical assistance was modified to allow for the design of microprojects by the municipal and peasant communities. Repayments under the credit component were satisfactory. The project interventions improved access to inputs and market centres, contributed to an increase in the area under cultivation and led to more diversified production. Farmers also showed a willingness to combine new technologies with efficient traditional practices.

17. Suspension due to arrears and civil instability marked the implementation of the **Nioumakélé Small Producers Support Project** in The Comoros (project ID 291-KM). The project aimed to arrest soil erosion and environmental degradation in the project area and to improve living conditions of the small producers. Planned outputs included: the intensification of production of the main local crops; improvements in livestock productivity, including poultry; and reforestation of degraded zones. The project reforestation activities can be considered a success; the 213 000 plants in the nurseries were double the number planned at appraisal. Similarly, soil protection activities covered a greater number of farms than originally planned. Implementation of other project activities was below expectation. For example, while credit was disbursed for a higher number of income-generating activities than originally planned, the amount was less than envisaged; no credit was disbursed under *crédit mutuel* schemes and only a negligible amount for village development. Although the most recent supervision mission found that the pace of project implementation had picked up in the previous year, the extent to which the project had an impact on increasing incomes or improving crop production is not clear. A major weakness of the project was the inability of the project's M&E system to relate physical achievements to impact.

18. Increased incomes and improved nutrition for peasant families were the objectives of the **Zacapa-Chiquimula Smallholders' Rural Development Project (PROZACHI)** in Guatemala (project ID 251-GM). The Netherlands, OPEC Fund and WFP joined IFAD in financing this



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intervention. After the first two years and based on the findings of an IFAD reformulation mission, the project's pyramidal management structure and approach were replaced by a system that emphasized cooperation between peasants, promoters and technicians, i.e., a rigid hierarchy was replaced by a flexible system driven by the expressed needs of the beneficiaries. Twenty-one multipurpose community centres were established in the main villages of the region, and more than 300 rural community groups were formed under the project. Some 7 880 loans were made to both groups and individuals; it is estimated that as many as 11 600 people participated in credit activities, almost 60% of whom received formal credit for the first time. The road network constructed improved beneficiary access to market centres. 'Slash-and-burn' agriculture virtually disappeared from the area and simple anti-erosion techniques were adopted. Improvements in corn and bean production, while initially promising, were not achieved in later years due to recurrent drought in the area. Training of the beneficiaries was a major priority. PROZACHI empowered women by actively engaging them in decision-making. The project demonstrated the viability and replicability of beneficiary-driven development projects. Based on the success of this project, The Netherlands is financing its own second phase.

D. Irrigation

19. Phases I and II of the **Northern Province Irrigation Rehabilitation Project-Phase II** in The Sudan (project IDs 459-SD and 304-SD) both closed in 1998, (30 June and 31 December, respectively). For the purposes of this review, these two projects will be assessed together. The projects sought to raise farm incomes and improve the productive capacity of small farmers in an arid region of The Sudan. Due to the withdrawal of the original cofinancier for this project, resources under Phase I were targeted mainly towards civil works and rehabilitation of irrigation infrastructure. Phase II was approved partly in an effort to make up for the loss of the original cofinancing; it extended the civil works and provided support to agricultural support services, credit and the development of economic activities for women. The civil works related to the pump stations and the main secondary irrigation canals were reasonably well executed, though most of these activities suffered implementation delays. However works relating to tertiary canals have fallen short of appraisal targets and little progress was made in creating WUAs. On the other hand, credit activities in the project area increased significantly and loan recovery rates were quite high. In addition, according to the 1998 supervision mission, the women's economic activities, financed by credit, proved to be economically feasible and generated additional nutritional resources (milk and meat). Close to 100 km of shelterbelts were planted under the desert encroachment control sub-component, implemented by the NGO SOS Sahel. Shelterbelts and the infrastructure for their maintenance were handed over to the village afforestation committees, demonstrating beneficiary participation in continuing the work. Agricultural support services, including extension and research were largely ineffective due to severe understaffing and lack of transport; in addition, adoption rates of recommended technical packages were low because of the limited availability of inputs. Weak budget management, coupled with lack of counterpart funding and shortfalls associated with cofinancing, contributed to poor project performance.

E. Credit and Rural Financial Services

20. Regular Programme and SPA loans financed the **Smallholder Credit, Input Supply and Marketing Project** in Ghana (project ID 247-GH). The project aimed to increase food production and incomes of smallholder farmers through the adoption of improved production practices, easier access to credit for inputs and improved marketing. About 5 250 groups were formed under the project's credit component (about 65% of the appraisal target). Training of these groups had originally been contracted out to NGOs, but was transferred to participating banks towards the end of the implementation period in an effort to promote sustainability. Separate credit lines for groups/smallholders and women were set up under the project. Both were fully disbursed. In total,



more than 62 000 loans were disbursed, the majority were short-term loans for crop production. Repayment rates for all loans reached an average of only 80%; the Government and the banks are taking steps to improve this rate so as to ensure the integrity of the credit lines. Under the rural infrastructure component, about 118 km of access roads were constructed (118% of the target). Because construction of hand-dug wells was difficult due to geological formations, the project instead provided assistance for the rehabilitation of more than 130 boreholes and 165 hand pumps to provide safe, quality water to beneficiaries. The pilot programmes largely met appraisal targets and demonstrated their viability for inclusion in credit packages. For example, significant liveweight gains were achieved for crossbreeds as compared to local sheep. There is clear evidence that the target group benefited and the technical foundation for increasing incomes/productivity was laid.

21. Exclusively financed by IFAD, the principal objective of the **Tamil Nadu Women's Development Project** in India (project ID 240-IN) is the economic and social uplifting of women to enhance the welfare of their families and improve their status. More than 5 200 groups were formed under the project (almost double the number envisaged at appraisal), with total membership reaching about 121 000 women. Due to its initial success, the project area was expanded to cover two additional districts. The credit line under the project (about 45% of the loan proceeds) was almost completely utilized to finance some 80 000 loans, mainly to support animal husbandry (57%) and cottage industries (29%). Training activities targeted towards the groups were well executed. A measure of the project's success is that new groups continue to be formed, even without project support; in one fishing village, the supervision mission found that men's groups had also been set up along the lines of the women's groups. This project is being scaled up to six Indian states by the World Bank and is being replicated by IFAD in India and other countries in the region.

22. Raising the incomes of 287 500 households with incomes below the poverty level was the stated objective of the **Income-Generating Project for Marginal Farmers and Landless** (PK4 - project ID 215-ID) implemented in Indonesia. Under the project, small farmer groups (SFGs) were developed and supported by credit to facilitate links between various government organizations and the rural population. Since its inception, the project facilitated the formation of 45 348 SFGs, half again as many as envisaged at appraisal. Of these, 38% are exclusively women's groups. Close to 400 000 families have been brought under the umbrella of the project. Group training also far exceeded original estimates. Most groups received credit at least once under the project, and some 43% took out credit two or more times. Livestock rearing was the biggest activity for which loans were made. Cumulative arrears are on the order of 3%. PK4 made a strong contribution to the social and economic well being of the beneficiaries. A recent sample survey found that about 70% of beneficiaries crossed the poverty threshold due to assistance from the project. The income gains resulted in an increase in group members' savings, in some areas more than doubling over the life of the project. This project made demonstrable improvements to the lives of the targeted beneficiaries and has a high potential for replicability (AsDB joined IFAD in financing Phase III of this project (project ID 1024-ID), which was approved by IFAD in December 1997.).

23. The **Rural Financial Services Project** in Jamaica (project ID 294-JM) was intended to provide access to credit and technical assistance to smallholders and to strengthen rural financial institutions. The Government of The Netherlands and the Caribbean Development Bank (CDB) cofinanced this project. The project was successful in restructuring the 21 existing People's Cooperative Banks (PCBs) into five amalgamated networks. Vehicles and equipment were supplied to PCBs and training programmes conducted for credit officers and managers. The level of savings, new memberships and share capital increased in the PCBs over the life of the project. A very conservative approach to on-lending was taken, both at the level of the Agricultural Bank (which lends funds to PCBs) and by the PCBs themselves, resulting in very low disbursements of the



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external financing. After consultation with the Government, it was decided to cancel the undisbursed portion of the IFAD loan and other external financing.

24. An IFAD loan from the Special Programme for Africa and a grant from the Finnish International Development Agency (FINNIDA) financed the **En Nahud Cooperative Credit Project** in The Sudan (project ID 448-SD). Both the IFAD and FINNIDA financing were fully disbursed. The project objective was to increase agricultural production, food self-sufficiency and incomes of poor farming households in the drought-prone region of En Nahud. Three key interventions were supported by the project: water development, agricultural development, including improved practices and diversification, and provision of credit. These were supported by activities designed to increase capacity at the village level. A reasonably strong network of village-level services for agricultural and community development was established under the project, most importantly extension and credit services. The State Government has already taken steps to ensure the provision of extension services by the creation of some 100 permanent posts to serve the area. All of the funds allocated to credit under the IFAD loan were disbursed and repayment rates were generally good (90%). Continued viability of these operations remains vulnerable to external factors such as poor rainfall and macroeconomic imbalances. Although some problems were experienced with the provision of water yards, their technical viability and beneficial effects were amply demonstrated. According to the most recent supervision mission, “there has been clear evidence that the intended target population has benefited considerably.” The important and positive lessons learned from this project will be applied to the forthcoming North Kordofan Rural Development Project.

25. The **Sucre Support Project for Small Producers** in Venezuela (project ID 222-VE) was designed to raise the incomes and increase the productivity of poor peasant farmers and artisanal fishermen in the State of Sucre. An MTE mission was fielded at the end of 1992 and found that the project had already made a positive impact on local production and incomes of the target group. It also identified a number of weaknesses relating to counterpart funding, withdrawal procedures and project management. Due to problems associated with disbursement procedures and political unrest, the loan was effectively suspended for a period of almost two years. The project was reactivated in early 1996, after the Government had fulfilled the conditions set forth by IFAD. During the latter years of implementation, a new project management team was appointed. Beneficiaries became more involved in project implementation, particularly with respect to infrastructure development. An innovative scheme for financial services was established with a local bank. Training and promotion activities were successfully contracted to both public and private partners, contributing to improving the beneficiaries’ ability to process and market their production. There are clear indications that the target population benefited from the project and that the technical foundation for raising incomes was laid.

26. In Yemen, the **Agricultural Credit Project** (project ID 253-YE) was designed to increase the capacity of the Cooperative and Agricultural Credit Bank (CACB) to extend loans to small farmers and fisherfolk to raise their incomes and productivity. Close to 22 000 loans were delivered to smallholders under three different credit lines (short-term loans for inputs, medium-term for irrigation, land improvement and livestock, and long-term for fishing boats and equipment and tree crops). A new section was established in CACB for lending to rural women, and 1 000 loans were made directly to women borrowers. The project financed an expansion of the CACB branch network (seven new branches were opened). A sample of the beneficiaries receiving loan financing showed that the project’s activities had primarily helped small borrowers (80% of the loans were short-term for under USD 350). A 31% increase in field crop production was attributed to the credit facility; in addition, the availability of credit generated employment and income in fishing communities. The project’s contribution to improving CACB’s capacity was limited, due to the poor performance of



CACB management and its reluctance to carry out a restructuring study of the bank. Without restructuring, however, the sustainability of CACB is doubtful. While the project's impact on improving CACB efficiency was very limited, it increased CACB outreach and improved access to credit for the poor.

F. Livestock

27. The principal objective of the **Punjab Smallholder Dairy Development Project** in Pakistan (project ID 234-PK) was to increase milk production by small farmers and landless in three districts of the Punjab. Improved nutrition, higher incomes and increased crop production were expected to benefit about 27 000 households. About SDR 5 million was cancelled from the original loan amount, mainly for activities associated with village development funds (the component was cancelled when the project was reformulated). Almost 300 livestock farmer's associations were formed under the project to improve communication and cooperation between the livestock keepers and government agencies. Members were provided with training in milk marketing and livestock management. Extension and research activities contributed to bringing new dairy development and production technology to the dairy farmers, with beneficial impact on both production and productivity. Progress was made in improving milk collection and marketing. Although the construction of farm-to-market roads was considerably delayed, the completion of the 78 km network will significantly benefit the target group. The credit component performed below expectations, the number of loans made was only 41% of the appraisal target, and the overall recovery rate (as at the end of 1997) was estimated to be only 53%. In addition, the very poor, landless and women were largely excluded from credit due to the lending institution's policies regarding security. Overall achievements under the project were below expectations, mainly due to weak project management and frequent turnover of the government staff directly involved in project implementation.

28. The **Small Ruminants Project** in Togo (project ID 213-TG) was designed to support the Government's livestock-sector strategy focusing on increasing domestic meat consumption (improved nutrition), containing meat imports (contribution to balance of payments) and improving rural incomes (smallholder producers). The project design promoted these objectives through its holistic approach to livestock production, including interventions in animal health, input supply and extension and adaptive research. The first three years of project implementation were largely ineffective due to internal socio-political problems, culminating in a ten-month general strike. Problems associated with provision of technical assistance also contributed to the project's initial slow start. An MTR mission fielded in 1994 led to the cancellation of the sheep subsector component and the reorientation of project activities towards a demand-driven approach to livestock services for small producers. Since that time, project implementation was very effective, although problems associated with counterpart funding continued throughout the implementation period. To improve animal health at the village level, private veterinarians and village auxiliaries were established in more than 300 villages (30% more than originally envisaged). The CI found that project activities contributed significantly to the overall health of small ruminants and poultry; cost recovery of vaccinations stands at about 90%, pointing towards the sustainability of this activity. Towards the end of the project implementation period, credit activities were replaced by a livestock development fund that was well received by the beneficiaries. The project completion report found evidence that production and productivity of small livestock increased due to project interventions, and that farmers' income and basic consumption also increased significantly. Based on the success of this project, the IDA/IFAD-financed **National Agricultural Services Support Project** (project ID 1004-TG) was designed and recently became effective. The new project will continue to implement and support privatization in the livestock and other agricultural sectors.



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G. Research/Extension/Training

29. The **Second National Agricultural Extension Project** (NEP II - project ID 516-KE) in Kenya was funded through a reallocation of funds from extension-related activities in IFAD's three district-based projects. The project was initiated by IDA which is the primary financier. The project objective was to increase the rate of adoption and stimulate the development of technical packages so as to enable smallholder farmers to increase their productivity and incomes. IFAD was initially reluctant to join the project but decided to participate because of progress made in reorienting the extension service towards a more demand-driven approach, establishing linkages between research and extension and adopting a farming systems approach. This reorientation appeared to satisfy IFAD concerns regarding targeting and beneficiary influence; in addition, IFAD was finding it increasingly difficult to implement extension activities outside of NEP II. Project performance was suboptimal. Disbursements were slow, reaching only 8%, reflecting the persistent failures of the Government's financial management systems. There is no evidence that the project interventions have contributed to an increase in either farmer incomes or productivity.

H. Settlement

30. The **Consolidation and Development of Smallholder Settlements in the Department of Santa Cruz Project** (project ID 266-BO) aimed to improve the standard of living of smallholder settlers in the Antofagasta, Huatu and San Julian areas of Bolivia. An IFAD Evaluation mission visited the project about one year before its completion. The mission found that the project had a positive development impact; most of the expected benefits were realized by the beneficiaries who participated very actively in project activities. Credit activities benefited about 2 170 farmers, somewhat less than the appraisal targets; however, some 93% of the funds originally allocated for credit were disbursed. Loan repayments are estimated at about 75% (more than 50% of the non repayments are from one district.) The Prefectura and the Banco Boliviano Americano have agreed to continue managing the project's financial services after project completion. The evaluation found evidence that the project had contributed significantly to increases in smallholder income. Both production and productivity increased. For example, yields of rice increased from about 2.1 t/ha without the project to 3.1 t/ha with the project; similarly production of rice increased from about 25 000 to 87 000 tonnes per annum. Overall, the total cultivated area increased by about 83%. Livestock numbers have risen to about 30 000 head, an increase of about 150%. Due to a severe underestimation of the cost of road rehabilitation, the infrastructure component was reoriented, increasing rehabilitation of bridges and putting less emphasis on roads. These works have improved linkages to market centres, decreasing the cost of transportation and reducing post-harvest losses. An important indicator of the success of the project is that outmigration has been effectively reduced. The project made a positive contribution to increased incomes and improved productivity and has potential for replicability.

PROJECTS CLOSED DURING 1998

Project ID	Country/ Project Name	Cooperating Institution	Type of Financing	Approval to Effectiveness (months)	Project Closing Date	Years Extended	% Time Overrun	No. of Extensions	Percentage Disbursed (31/12/98)	No. Days Suspended (for arrears)
Agricultural Development										
284-CI	Côte d'Ivoire	BOAD	F	15.8	31/12/98	0.0	0%	0	22%	16
	Rural Development Project in the North East									
447-SN	Senegal	BOAD	E	11.2	30/06/98	1.5	19%	1	90%	222
	Agro-Forestry Development Project									
445-LS	Lesotho	UNOPS	E	7.4	30/06/98	1.5	18%	1	78%	0
	Soil and Water Conservation and Agroforestry Programme									
150-RW	Rwanda	IDA	E	12.9	31/12/98	8.0	129%	4	88%	455
	Birunga Maize Project									
281-CN	China	UNOPS	F	3.7	30/04/98	-0.2	-2%	0	100%	16
	Shanxi Integrated Agricultural Development Project									
256-LA	Laos	UNOPS	F	10.6	31/12/98	0.0	0%	0	61%	19
	Xieng Khouang Agricultural Development Project									
257-PK	Pakistan	AsDB	F	10.0	30/06/98	0.0	0%	0	71%	0
	Second Barani Area Development Project									
228-YE	Yemen	AFESD	F	12.2	30/06/98	2.5	36%	2	89%	0
	Eastern Regional Agricultural Development Project									
Subtotal	8 Projects		Average	10.5		1.7	22%	1.0	76%	91
Credit and Financial Services										
247-GH	Ghana	UNOPS	E	14.8	31/12/98	0.9	12%	1	99%	0
	Smallholder Credit, Input Supply and Marketing Project									
240-IN	India	UNOPS	E	9.0	31/12/98	1.0	12%	1	86%	0
	Tamil Nadu Women's Development Project									
215-ID	Indonesia	UNOPS	F	6.5	30/06/98	2.7	34%	5	94%	0
	Income-Generating Project for Marginal Farmers and Landless									
294-JM	Jamaica	CDB	F	13.0	24/11/98	-1.6	-19%	0	7%	0
	Rural Financial Services Project									
222-VE	Venezuela	CAF	F	9.9	31/12/98	2.1	25%	2	100%	13
	Sucre Support Project for Small Producers									
448-SD	Sudan	UNOPS	F	3.5	31/12/98	1.5	18%	1	100%	145
	En Nahud Cooperative Credit Project									
253-YE	Yemen	AFESD	F	15.6	30/06/98	0.5	6%	2	96%	0
	Agricultural Credit Project									
Subtotal	7 Projects		Average	10.3		1.0	12%	1.7	92%	23



PROJECTS CLOSED DURING 1998

Project ID	Country/ Project Name	Cooperating Institution	Type of Financing	Approval to Effectiveness (months)	Project Closing Date	Years Extended	% Time Overrun	No. of Extensions	Percentage Disbursed (31/12/98)	No. Days Suspended (for arrears)
Irrigation										
304-SD	Sudan	IDA	F	10.8	31/12/98	0.0	0%	0	76%	83
	Northern Province Irrigation Rehabilitation Project - Phase II									
459-SD	Sudan	IDA	E	12.1	30/06/98	4.0	53%	2	94%	154
	Northern Province Irrigation Rehabilitation Project									
Subtotal	2 Projects		Average	11.5		2.0	28%	1.0	84%	119
Livestock										
213-TG	Togo	IDA	F	27.6	15/04/98	4.0	83%	2	79%	234
	National Small Livestock Project									
234-PK	Pakistan	AsDB	F	26.6	30/06/98	1.0	12%	1	48%	0
	Punjab Smallholder Dairy Development Project									
Subtotal	2 Projects		Average	27.1		2.5	38%	1.5	57%	117
Research/Extension/Training										
516-KE	Kenya	IDA	C	2.6	31/03/98	0.0	0%	0	8%	0
	Second National Agricultural Extension Project									
Subtotal	1 Project		Average	2.6		0.0	0%	0.0	8%	0
Rural Development										
291-KM	Comoros	UNOPS	F	10.6	31/12/98	0.0	0%	0	57%	552
	Nioumakélé Small Producers Support Project									
218-BO	Bolivia	CAF	F	16.5	30/06/98	1.7	21%	2	100%	0
	Chuquisaca South Rural Development Project									
251-GT	Guatemala	UNOPS	F	15.4	30/06/98	1.0	15%	1	100%	0
	Zacapa-Chiquimula Smallholders' Rural Development Project									
Subtotal	3 Projects		Average	14.2		0.9	12%	1.0	90%	184
Settlement										
266-BO	Bolivia	CAF	F	11.7	30/06/98	0.0	0%	0	100%	0
	Consolidation and Development of Smallholder Settlements in the Department of Santa Cruz Project									
Subtotal	1 Project		Average	11.7		0.0	0%	0.0	100%	0
Total	24 Projects		Average	12.1		1.3	18%	1.2	80%	80

Notes:

Percentage time overrun is calculated from date of loan agreement.

Percentage disbursement is calculated against the approved loan amount.

'C' - projects initiated by a cooperating institution and cofinanced by IFAD.

'F' - projects initiated by IFAD and cofinanced by external donors.

'E' - projects initiated and exclusively financed by IFAD.



PROJECTS DIRECTLY SUPERVISED BY IFAD

Country	Project ID	Project Name	Lending Terms	Financing Type	Board Approval
Armenia	1038	North-West Agricultural Services Project	HC	E	04/12/1997
Bangladesh	1029	Agricultural Diversification and Intensification Project	HC	F	29/04/1997
Benin	1028	Microfinance and Marketing Project	HC	E	22/04/1998
Brazil	1101	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	O	E	03/12/1998
Dominican Republic	1068	South Western Region Small Farmers Project-Phase II	I	E	03/12/1998
Gambia, The	1100	Rural Finance and Community Initiatives Project (RFCIP)	HC	E	02/12/1998
Gaza and the West Bank	1079	Participatory Natural Resource Management Programme	HC	F	23/04/1998
Mali	1089	Sahelian Areas Development Fund Programme	HC	F	02/12/1998
Oman	1072	Community Resources Management Project	O	F	03/12/1998
Peru	1044	Development of the Puno-Cuzco Corridor Project	O	E	04/12/1997
Sri Lanka	1113	Matale Regional Economic Advancement Project	HC	F	03/12/1998
Uganda	1060	District Development Support Programme	HC	F	10/09/1998
Zimbabwe	1051	Smallholder Irrigation Support Programme	HC	F	02/12/1998



ANNEX III

IFAD'S COOPERATING INSTITUTIONS

AfDB	African Development Bank
AsDB	Asian Development Bank
AFESD	Arab Fund for Economic and Social Development
BCIE	Central American Bank for Economic Integration
BOAD	West African Development Bank
CAF	Andean Development Corporation
CDB	Caribbean Development Bank
IBRD*	International Bank for Reconstruction and Development
IDA*	International Development Association
IDB	Inter-American Development Bank
UNOPS	United Nations Office for Project Services

* IBRD and IDA are part of the World Bank Group.

PROJECT PORTFOLIO AT YEAR-END 1998

Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
Africa I							
289-BJ	Benin	Second Atacora Rural Development Project	11/12/91	6.25	5.19	83%	31/12/99
488-BJ	Benin	Income-Generating Activities Project	06/12/95	8.05	1.25	15%	30/06/04
1028-BJ	Benin	Microfinance and Marketing Project	22/04/98	9.15	0.00	0%	30/06/05
369-BF	Burkina Faso	Special Programme for Soil and Water Conservation - Phase II	05/12/94	11.85	4.52	38%	31/12/02
512-BF	Burkina Faso	South West Rural Development Project	11/09/96	10.15	0.00	0%	30/06/05
1080-CM	Cameroon	National Agricultural Research and Extension Programme Support Project	10/09/98	7.90	0.00	0%	30/06/03
456-CV	Cape Verde	Community-based Agricultural and Livestock Development Project	01/10/90	4.10	2.06	50%	31/12/98
245-CF	Central African Republic	Bouca Rural Development Project	05/12/89	7.65	6.52	85%	30/06/99
290-CF	Central African Republic	Savannah Food Crops Rural Development Project	11/12/91	8.45	3.66	43%	31/12/00
361-CF	Central African Republic	Livestock Development and Rangeland Management Project	06/09/94	3.40	1.09	32%	30/06/00
460-TD	Chad	Food Security Project in the Northern Guéra Region	11/12/91	7.95	3.81	48%	31/12/99
469-TD	Chad	Ouadis of Kanem Agricultural Development Project	20/04/94	4.10	2.29	56%	31/12/01
272-CG	Congo	Marketing and Local Initiatives Project	12/12/90	6.10	0.88	14%	31/12/97
337-CI	Côte d'Ivoire	National Agricultural Services Restructuring Project	02/12/93	7.05	0.91	13%	31/12/99
513-CI	Côte d'Ivoire	Marketing and Local Initiatives Support Project	11/09/96	7.25	0.56	8%	30/09/04
1081-CI	Côte d'Ivoire	Rural Development Project in the Zanzan Region	10/09/98	8.30	0.00	0%	31/03/06
358-GQ	Equatorial Guinea	Peasant Production and Marketing Promotion Project	20/04/94	3.15	2.07	66%	31/12/02
246-GA	Gabon	Smallholder Support Project	05/12/89	7.05	4.48	64%	30/06/99
501-GA	Gabon	Support to Rural Women Project	17/04/96	8.85	0.00	0%	30/06/04
312-GM	Gambia, The	Agricultural Services Project	02/12/92	2.55	2.43	95%	30/06/99
428-GM	Gambia, The	Lowlands Agricultural Development Programme (LADEP)	12/04/95	3.40	0.44	13%	30/06/04
1100-GM	Gambia, The	Rural Finance and Community Initiatives Project (RFCIP)	02/12/98	6.60	0.00	0%	31/12/05

PROJECT PORTFOLIO AT YEAR-END 1998

Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
466-GH	Ghana	Rural Enterprises Project	02/12/93	5.55	2.56	46%	31/03/02
477-GH	Ghana	Upper West Agricultural Development Project	14/09/95	6.75	2.34	35%	30/09/03
1002-GH	Ghana	Village Infrastructure Programme	04/12/96	6.95	0.00	0%	31/12/03
1053-GH	Ghana	Root and Tuber Improvement Programme	04/12/97	6.55	0.00	0%	31/12/04
313-GN	Guinea	Smallholder Development Project in the Forest Region	02/12/92	9.85	5.92	60%	31/03/00
478-GN	Guinea	Smallholder Development Project in North Lower Guinea	14/09/95	10.20	1.72	17%	31/12/04
1003-GN	Guinea	Fouta Djallon Local Development and Agricultural Rehabilitation Programme	04/12/96	6.95	0.30	4%	30/06/05
1117-GN	Guinea	Village Communities Support Project	02/12/98	5.00	0.00	0%	30/06/04
446-ML	Mali	Kidal Food and Income Security Programme	30/11/88	7.55	4.49	60%	30/06/99
278-ML	Mali	Village Development Fund Programme - Phase II	13/12/90	9.20	6.34	69%	30/06/99
367-ML	Mali	Income Diversification Programme in the Mali Sud Area	05/12/94	10.10	1.40	14%	30/06/03
497-ML	Mali	Zone Lacustre Development Project - Phase II	17/04/96	8.65	0.62	7%	30/06/04
1089-ML	Mali	Sahelian Areas Development Fund Programme	02/12/98	15.65	0.00	0%	30/09/09
462-MR	Mauritania	Banc d'Arguin Protected Area Management Project	15/04/92	1.20	0.77	64%	30/06/99
318-MR	Mauritania	Maghama Improved Flood Recession Farming Project	03/12/92	7.45	5.23	70%	30/04/00
471-MR	Mauritania	Oasis Development Project - Phase II	06/09/94	5.40	2.61	48%	30/06/02
292-NE	Niger	Aguié Rural Development Project	11/12/91	8.25	4.90	59%	30/06/99
434-NE	Niger	Special Country Programme - Phase II	13/09/95	9.55	1.15	12%	31/12/03
273-NG	Nigeria	Katsina State Agricultural and Community Development Project	12/12/90	8.55	5.98	70%	30/06/99
307-NG	Nigeria	Sokoto State Agricultural and Community Development Project	08/09/92	6.50	4.78	74%	30/06/01
340-ST	Sao Tome and Principe	National Smallholders Support Programme	02/12/93	1.50	0.65	44%	30/06/01
450-SN	Senegal	Second Small Rural Operations Project	13/09/89	5.10	2.24	44%	30/06/99
461-SN	Senegal	Agricultural Development Project in Matam	11/12/91	11.70	8.43	72%	31/12/99
315-SN	Senegal	Village Organization and Management Project	02/12/92	5.80	3.18	55%	31/12/99
491-SN	Senegal	Rural Micro-enterprises Project	06/12/95	5.00	0.61	12%	31/03/03
1019-SN	Senegal	Village Management and Development Project	04/12/97	6.90	0.00	0%	30/06/07

PROJECT PORTFOLIO AT YEAR-END 1998

Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
1102-SN	Senegal	Agroforestry Project to Combat Desertification	02/12/98	5.85	0.00	0%	31/12/05
308-SL	Sierra Leone	North-central Agricultural Development Project	09/09/92	10.25	5.42	53%	31/12/00
262-TG	Togo	Support to Village Groups in the Eastern Savannah Region Project	19/04/90	6.85	2.06	30%	31/12/99
490-TG	Togo	Village Organization and Development Project	06/12/95	5.10	0.73	14%	31/03/03
1004-TG	Togo	National Agricultural Services Support Project	04/12/96	6.95	0.00	0%	31/12/02
Total: Africa I		53 Projects		376.15	116.59	31%	



PROJECT PORTFOLIO AT YEAR-END 1998



Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
Africa II							
492-AO	Angola	Northern Region Foodcrops Development Project	07/12/95	9.00	1.47	16%	31/12/03
1023-AO	Angola	Northern Fishing Communities Development Programme	04/12/97	5.30	0.00	0%	30/06/06
229-BI	Burundi	Bututsi Agro-Pastoral Development Project	29/11/88	6.70	2.07	31%	31/12/02
463-BI	Burundi	Ruyigi Rural Resources Management Project	15/09/93	5.05	2.02	40%	30/06/03
470-KM	Comoros	Support to Economic Grass Roots Initiatives Project	06/09/94	2.45	0.96	39%	31/12/02
514-KM	Comoros	Pilot Agricultural Services Project	11/09/96	0.70	0.00	0%	31/12/00
365-ER	Eritrea	Eastern Lowlands Wadi Development Project	05/12/94	8.55	1.46	17%	30/06/01
342-ET	Ethiopia	Southern Region Cooperatives Development and Credit Project	02/12/93	12.60	3.44	27%	06/07/01
515-ET	Ethiopia	Informal Seed Component of the Seed Systems Development Project	11/09/96	4.60	0.70	15%	30/06/01
1011-ET	Ethiopia	Special Country Programme - Phase II	05/12/96	15.65	0.00	0%	31/12/03
1082-ET	Ethiopia	Agriculture and Research Training Project	10/09/98	13.65	0.00	0%	31/03/05
458-KE	Kenya	Coast Arid and Semi arid Lands Development Project	12/12/90	11.00	3.88	35%	31/12/99
467-KE	Kenya	Eastern Province Horticulture and Traditional Food Crops Project	02/12/93	7.90	0.53	7%	31/12/02
366-KE	Kenya	Western Kenya District-based Agricultural Development Project	05/12/94	7.95	0.73	9%	31/12/03
468-LS	Lesotho	Rural Finance and Enterprise Support Project	02/12/93	2.95	1.69	57%	31/03/03
1022-LS	Lesotho	Sustainable Agricultural Development Programme for the Mountain Areas	10/09/98	6.35	0.00	0%	30/09/04
286-MG	Madagascar	Midwest Development Support Project	04/09/91	8.25	6.13	74%	31/12/99
429-MG	Madagascar	Upper Mandrare Basin Development Project	12/04/95	4.65	2.38	51%	30/06/01
499-MG	Madagascar	North-East Agricultural Improvement and Development Project	17/04/96	8.05	0.60	7%	30/06/03
1020-MG	Madagascar	Second Environment Programme Support Project	29/04/97	5.65	0.22	4%	30/06/02
464-MW	Malawi	Agricultural Services Project: Smallholder Food Security Sub-project	15/09/93	9.35	4.03	43%	31/03/00
338-MW	Malawi	Rural Financial Services Project: Mudzi Financial Services Sub-project	02/12/93	8.65	2.15	25%	31/03/01

PROJECT PORTFOLIO AT YEAR-END 1998

Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
1047-MW	Malawi	Smallholder Flood Plains Development Programme	23/04/98	9.25	0.00	0%	31/12/05
334-MZ	Mozambique	Nampula Artisanal Fisheries Project	15/09/93	4.35	1.82	42%	30/06/01
359-MZ	Mozambique	Niassa Agricultural Development Project	20/04/94	8.80	1.91	22%	30/06/03
1005-MZ	Mozambique	Family Sector Livestock Development Programme	04/12/96	13.45	1.10	8%	31/12/04
362-NA	Namibia	Northern Regions Livestock Development Project	06/09/94	4.20	2.33	55%	31/12/02
232-RW	Rwanda	Gikongoro Agricultural Development Project	30/11/88	8.35	5.47	66%	31/12/99
264-RW	Rwanda	Byumba Agricultural Development Project-Phase II	01/10/90	6.35	3.53	56%	31/05/01
314-RW	Rwanda	Intensified Land Use Management Project in the Buberuka Highlands	02/12/92	6.75	1.62	24%	30/06/02
500-RW	Rwanda	Rural Small and Microenterprise Promotion Project	17/04/96	3.75	0.72	19%	30/06/02
1059-RW	Rwanda	Rwanda Returnees Rehabilitation Programme	11/09/97	2.10 a/	2.01	96%	30/06/00
323-SZ	Swaziland	Smallholder Agricultural Development Project	06/04/93	5.10	1.71	34%	30/09/01
324-TZ	Tanzania, United Republic of	Southern Highlands Extension and Rural Financial Services Project	06/04/93	11.50	9.65	84%	31/12/99
489-TZ	Tanzania, United Republic of	Mara Region Farmers' Initiative Project	06/12/95	9.65	4.20	44%	30/06/03
1006-TZ	Tanzania, United Republic of	Agricultural and Environmental Management Project	04/12/96	10.30	1.35	13%	31/12/03
360-UG	Uganda	Cotton Sub-sector Development Project	20/04/94	8.95	5.89	66%	31/12/99
1021-UG	Uganda	Vegetable Oil Development Project	29/04/97	14.35	0.38	3%	30/06/06
1060-UG	Uganda	District Development Support Programme	10/09/98	9.50	0.00	0%	30/06/05
293-ZM	Zambia	Northwestern Province Area Development Project - Phase II	11/12/91	12.00	9.85	82%	30/06/00
368-ZM	Zambia	Southern Province Household Food Security Programme	05/12/94	10.40	5.17	50%	31/12/01
430-ZM	Zambia	Smallholder Irrigation and Water Use Programme	12/04/95	4.30	1.01	24%	31/12/00
341-ZW	Zimbabwe	Smallholder Dry Areas Resource Management Project	02/12/93	10.00	1.03	10%	31/12/01
435-ZW	Zimbabwe	South Eastern Dry Areas Project	13/09/95	7.15	0.00	0%	31/12/03
1051-ZW	Zimbabwe	Smallholder Irrigation Support Programme	02/12/98	8.65	0.00	0%	30/06/08
Total: Africa II		45 Projects		354.20	95.20	27%	



PROJECT PORTFOLIO AT YEAR-END 1998

Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
Asia and the Pacific							
280-BD	Bangladesh	Smallholder Livestock Development Project	04/04/91	7.65	5.53	72%	31/12/99
287-BD	Bangladesh	Special Assistance Project for Cyclone Affected Rural Households	04/09/91	11.55	9.91	86%	31/12/99
343-BD	Bangladesh	Netrakona Integrated Agricultural Production and Water Management Project	02/12/93	6.40	5.07	79%	30/06/01
431-BD	Bangladesh	Employment-Generation Project for the Rural Poor	12/04/95	9.95	2.71	27%	30/06/01
480-BD	Bangladesh	Small-scale Water Resources Development Sector Project	06/12/95	7.00	1.40	20%	31/12/02
1029-BD	Bangladesh	Agricultural Diversification and Intensification Project	29/04/97	13.65	2.17	16%	31/12/04
1062-BD	Bangladesh	Third Rural Infrastructure Development Project	04/12/97	8.50	0.57	7%	30/06/05
1074-BD	Bangladesh	Aquaculture Development Project	23/04/98	15.00	0.00	0%	30/06/05
299-BT	Bhutan	First Eastern Zone Agricultural Project	14/04/92	2.90	2.40	83%	30/06/99
517-KH	Cambodia	Agriculture Productivity Improvement Project	11/09/96	3.30	0.07	2%	30/06/02
335-CN	China	Yunnan-Simao Minorities Area Agricultural Development Project	15/09/93	18.40	16.75	91%	31/12/00
364-CN	China	Qinghai/Hainan Prefecture Agricultural Development Project	05/12/94	13.50	11.57	86%	30/06/01
484-CN	China	Jiangxi/Ganzhou Integrated Agricultural Development Project	06/12/95	15.95	9.33	58%	30/06/01
523-CN	China	Northeast Sichuan and Qinghai/Haidong Integrated Agricultural Development Project	11/09/96	19.10	7.61	40%	31/12/02
1048-CN	China	Southwest Anhui Integrated Agricultural Development Project	11/09/97	19.10	1.85	10%	30/06/03
1083-CN	China	Wulin Mountains Minority-Areas Development Project	10/09/98	21.10	0.00	0%	31/12/04
282-IN	India	Andhra Pradesh Tribal Development Project	04/04/91	14.05	9.81	70%	31/03/99
325-IN	India	Maharashtra Rural Credit Project	06/04/93	21.25	6.53	31%	30/09/00
349-IN	India	Andhra Pradesh Participatory Tribal Development Project	19/04/94	18.95	5.78	31%	31/03/02
432-IN	India	Mewat Area Development Project	12/04/95	9.65	2.42	25%	31/12/03
1012-IN	India	Rural Women's Development and Empowerment Project	05/12/96	13.30	0.00	0%	30/06/02

PROJECT PORTFOLIO AT YEAR-END 1998

Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
1040-IN	India	North Eastern Region Community Resource Management Project for Upland Areas	29/04/97	16.55	0.00	0%	31/12/04
255-ID	Indonesia	East Java Rainfed Agriculture Project	19/04/90	15.40	11.87	77%	31/03/99
301-ID	Indonesia	South Sumatera Smallholder Tree Crops Development Project	14/04/92	14.45	4.68	32%	31/03/01
350-ID	Indonesia	Eastern Islands Smallholder Cashew Development Project	19/04/94	18.45	4.98	27%	30/09/02
485-ID	Indonesia	Eastern Islands Smallholder Farming Systems and Livestock Development Project	06/12/95	12.05	1.41	12%	31/03/04
1024-ID	Indonesia	P4K - Phase III	04/12/97	18.25	1.46	8%	30/09/05
487-KP	Korea, D.P.R.	Sericulture Development Project	06/12/95	10.45	4.10	39%	30/06/02
1064-KP	Korea, D.P.R.	Crop and Livestock Rehabilitation Project	04/12/97	20.90	13.46	64%	31/12/03
479-KG	Kyrgyzstan	Sheep Development Project	14/09/95	2.35	0.85	36%	30/06/01
1065-KG	Kyrgyzstan	Agricultural Support Services Project	23/04/98	5.90	0.00	0%	31/12/03
351-LA	Laos	Bokeo Food Security Project	19/04/94	2.95	1.06	36%	30/09/02
1041-LA	Laos	Northern Sayabouri Rural Development Project	04/12/97	5.30	0.38	7%	31/12/04
1099-LA	Laos	Xieng Khouang Agricultural Development Project - Phase II	03/12/98	4.95	0.00	0%	31/12/05
472-MV	Maldives	Southern Atolls Development Project	13/09/95	1.90	0.31	16%	30/06/02
502-MN	Mongolia	Arhangai Rural Poverty Alleviation Project	17/04/96	3.45	0.34	10%	31/12/03
250-NP	Nepal	Hills Leasehold Forestry and Forage Development Project	07/12/89	10.00	1.41	14%	14/07/00
352-NP	Nepal	Groundwater Irrigation and Flood Rehabilitation Project	19/04/94	7.00	2.85	41%	31/12/01
1030-NP	Nepal	Poverty Alleviation Project in Western Terai	11/09/97	6.55	0.60	9%	31/12/04
288-PK	Pakistan	Neelum and Jhelum Valleys Community Development Project	04/09/91	11.90	6.29	53%	30/06/99
319-PK	Pakistan	Mansehra Village Support Project	03/12/92	10.35	5.45	53%	31/12/00
353-PK	Pakistan	Pat Feeder Command Area Development Project	19/04/94	20.25	6.18	31%	31/12/01
524-PK	Pakistan	Dir Area Support Project	11/09/96	11.35	1.10	10%	30/09/04
1042-PK	Pakistan	Northern Areas Development Project	11/09/97	10.75	1.07	10%	31/12/05
1077-PK	Pakistan	Barani Village Development Project	03/12/98	11.15	0.00	0%	31/12/05
326-PG	Papua New Guinea	North Simbu Rural Development Project	06/04/93	4.35	2.09	48%	31/12/99
302-PH	Philippines	Visayas Communal Irrigation and Participatory Project	14/04/92	11.00	9.09	83%	31/12/99



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486-PH	Philippines	Cordillera Highland Agricultural Resource Management Project	06/12/95	6.15	0.74	12%	30/09/03
505-PH	Philippines	Rural Micro-enterprise Finance Project	18/04/96	10.15	1.05	10%	01/03/02
1066-PH	Philippines	Western Mindanao Community Initiatives Project	23/04/98	11.00	0.00	0%	31/12/05
224-SB	Solomon Islands	Rural Financial Services Project	15/09/88	1.15	0.92	80%	31/12/99
283-LK	Sri Lanka	Second Badulla Integrated Rural Development Project	04/04/91	9.90	3.58	36%	31/12/99
309-LK	Sri Lanka	North-western Province Dry Zone Participatory Development Project	09/09/92	6.15	2.53	41%	30/06/01
473-LK	Sri Lanka	North-Central Province Participatory Rural Development Project	13/09/95	5.45	1.21	22%	31/12/03
1113-LK	Sri Lanka	Matale Regional Economic Advancement Project	03/12/98	8.35	0.00	0%	30/06/06
327-TO	Tonga	Outer Islands Credit Project	06/04/93	2.20	2.11	96%	30/06/99
328-VN	Viet Nam	Participatory Resource Management Project - Tuyen Quang Province	06/04/93	13.35	7.66	57%	31/12/01
1007-VN	Viet Nam	Agricultural Resources Conservation and Development Project in Quang Binh Province	04/12/96	10.05	2.16	21%	30/06/02
1025-VN	Viet Nam	Ha Giang Development Project for Ethnic Minorities	04/12/97	9.20	0.75	8%	30/06/04
Total: Asia and the Pacific		59 Projects		631.30	205.25	33%	



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Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
Latin America and the Caribbean							
506-AR	Argentina	Rural Development Project for the Northeastern Provinces (PRODERNEA)	18/04/96	11.35	0.00	0%	30/06/02
1067-BZ	Belize	Community-Initiated Agriculture and Resource Management Project	23/04/98	1.75	0.00	0%	30/06/06
354-BO	Bolivia	Camelid Producers Development Project in the Andean High Plateau	20/04/94	5.45	2.06	38%	30/09/03
373-BO	Bolivia	Sustainable Development Project by Beni Indigenous People	06/12/94	4.30	0.97	23%	30/06/03
1031-BO	Bolivia	Small Farmers Technical Assistance Services Project (PROSAT)	29/04/97	5.85	0.60	10%	30/06/04
344-BR	Brazil	Low-income Family Support Project in the Semi-arid Region of Sergipe State	02/12/93	12.90	6.88	53%	30/06/02
493-BR	Brazil	Community Development Project for the Rio Gaviao Region	07/12/95	13.50	2.19	16%	30/06/03
1101-BR	Brazil	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	03/12/98	17.80	0.00	0%	31/12/05
427-CL	Chile	Agricultural Development Project for Peasant Communities and Smallholders of the Fourth Region	06/12/94	5.50	1.74	32%	30/06/04
520-CO	Colombia	Rural Micro-enterprise Development Programme	11/09/96	11.00	1.39	13%	30/06/03
371-CR	Costa Rica	Agricultural Development Project for the Peninsula of Nicoya	05/12/94	3.40	0.37	11%	31/12/01
503-DM	Dominica	Rural Enterprise Project	17/04/96	1.80	0.57	32%	31/12/02
345-DO	Dominican Republic	Agricultural Development Project in San Juan de la Maguana	02/12/93	4.25	0.32	8%	30/06/01
1068-DO	Dominican Republic	South Western Region Small Farmers Project - Phase II	03/12/98	8.75	0.00	0%	31/12/05
275-EC	Ecuador	Upper Basin of the Cañar River Rural Development Project	12/12/90	4.85	3.36	69%	30/06/99
321-EC	Ecuador	Saraguro-Yacuambi Rural Development Project	03/12/92	8.15	2.88	35%	31/12/99
1043-EC	Ecuador	Indigeneous and Afro-Ecuadorian Peoples' Development Project	04/12/97	10.85	0.21	2%	30/09/02



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Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
267-SV	El Salvador	Smallholders' Agricultural Development Project in the Paracentral Region	02/10/90	6.50	4.66	72%	31/03/99
322-SV	El Salvador	Rehabilitation and Development Project for War-torn Areas in the Department of Chalatenango	03/12/92	9.25	5.56	60%	30/06/00
1069-SV	El Salvador	Rural Development Project for the North-Eastern Region	04/12/97	13.05	0.00	0%	30/06/05
296-GT	Guatemala	Cuchumatanes Highlands Rural Development Project	11/12/91	5.50	3.44	63%	30/06/00
1008-GT	Guatemala	Programme for Rural Development and Reconstruction in the Quiché Department (PRODERQUI)	04/12/96	10.45	0.00	0%	30/06/04
1009-GY	Guyana	Poor Rural Communities Support Services Project	04/12/96	7.30	0.00	0%	31/12/03
241-HT	Haiti	Small-Scale Irrigation Schemes Rehabilitation Project	26/04/89	8.20	1.08	13%	30/09/02
1070-HT	Haiti	Food Crops Intensification Project - Phase II	03/12/98	10.95	0.00	0%	31/03/08
336-HN	Honduras	Agricultural Development Programme for the Western Region (PLANDERO)	15/09/93	5.50	2.80	51%	30/06/00
1032-HN	Honduras	Rural Development Project in the Central Eastern Region	29/04/97	8.90	0.74	8%	30/06/04
1087-HN	Honduras	Rural Development Project in the South-Western Region (PROSOC)	03/12/98	13.75	0.00	0%	31/12/05
270-MX	Mexico	Development Project for Marginal Rural Communities in the Ixtlera Region	03/10/90	21.65	14.23	66%	31/03/00
303-MX	Mexico	Rural Development Project for the Indigenous Communities of the State of Puebla	15/04/92	18.25	8.50	47%	31/12/00
494-MX	Mexico	Rural Development Project of the Mayan Communities in the Yucatan Peninsula	07/12/95	6.95	0.38	5%	30/06/02
346-NI	Nicaragua	Project for the Capitalization of Small Farmers in the Tropisec Area of the Segovias - Region I (TROPISEC)	02/12/93	8.25	3.03	37%	30/06/01
495-NI	Nicaragua	Rural Development Project for the Southern Pacific Dry Region	07/12/95	8.25	1.93	23%	31/12/02
331-PA	Panama	Rural Development Project for Ngobe Communities	07/04/93	5.75	3.35	58%	30/06/00



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Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
474-PA	Panama	Sustainable Agricultural Development and Environmental Protection Project for the Darien	14/09/95	5.35	1.08	20%	31/03/03
1049-PA	Panama	Sustainable Rural Development Project in the Provinces of Coclé, Colón and Panama	04/12/97	8.90	0.00	0%	31/12/04
310-PY	Paraguay	Peasant Development Fund Project - North-eastern Region of Paraguay	09/09/92	8.50	4.59	54%	31/12/99
496-PY	Paraguay	Peasant Development Fund Credit Project - Eastern Region of Paraguay	07/12/95	6.65	1.41	21%	30/06/02
297-PE	Peru	Promotion of Technology Transfer Project to Peasant Communities in the Highlands	12/12/91	11.65	9.96	86%	31/07/99
475-PE	Peru	Management of Natural Resources in the Southern Highlands Project	14/09/95	8.25	1.49	18%	31/12/03
1044-PE	Peru	Development of the Puno-Cuzco Corridor Project	04/12/97	13.90	0.00	0%	30/06/05
504-LC	Saint Lucia	Rural Enterprise Project	17/04/96	1.55	0.50	32%	31/03/03
295-VC	St Vincent - Grenadines	Smallholder Crop Improvement and Marketing Project	11/12/91	1.65	0.94	57%	30/06/00
332-UY	Uruguay	National Smallholder Support Project	07/04/93	8.55	7.13	83%	31/12/00
279-VE	Venezuela	Support Project for Small Producers in the Semi-arid Zones of Falcon and Lara States	04/04/91	11.35	5.48	48%	30/09/99
521-VE	Venezuela	Economic Development of Poor Rural Communities Project	11/09/96	8.25	0.87	11%	31/12/04
Total: Latin America and the Caribbean				46 Projects	394.45	106.69	27%

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PROJECT PORTFOLIO AT YEAR-END 1998

Project ID	Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amount Disbursed (SDR m)	Percentage Disbursed (31/12/98)	Last Closing Date
Near East and North Africa							
347-AL	Albania	Northeastern Districts Rural Development Project	02/12/93	8.35	3.77	45%	31/12/00
372-AL	Albania	Small-scale Irrigation Rehabilitation Project	06/12/94	6.10	1.75	29%	31/12/01
226-DZ	Algeria	Pilot Project in Algeria and Tunisia for the Integrated Rural Development of the Mellegue Watershed	15/09/88	10.90	4.66	43%	30/06/98
276-DZ	Algeria	Artisanal Fisheries Pilot Development Project	12/12/90	8.10	3.63	45%	31/12/99
433-AM	Armenia	Irrigation Rehabilitation Project	12/04/95	5.40	2.63	49%	30/06/99
1038-AM	Armenia	North-West Agricultural Services Project	04/12/97	9.55	2.76	29%	31/12/02
1033-AZ	Azerbaijan	Farm Privatization Project	29/04/97	6.45	0.73	11%	30/06/02
1037-BA	Bosnia and Herzegovina	Small Farm Reconstruction and Development Project	30/04/97	10.10	2.74	27%	31/12/99
114-EG	Egypt	Minya Agricultural Development Project	09/12/82	23.55	21.21	90%	30/06/99
306-EG	Egypt	Newlands Agricultural Services Project	15/04/92	18.30	9.01	49%	30/06/00
355-EG	Egypt	Agricultural Production Intensification Project	20/04/94	14.45	5.59	39%	30/06/02
1014-EG	Egypt	East Delta Newlands Agricultural Services Project	05/12/96	17.30	0.00	0%	31/12/04
1050-EG	Egypt	Sohag Rural Development Project	10/09/98	18.85	0.00	0%	30/06/05
1013-PS	Gaza Strip and Jericho	Gaza Strip and Jericho Relief and Development Programme	03/12/93	3.00 b/	3.00 b/	100%	31/12/99
1079-PS	Gaza and the West Bank	Participatory Natural Resource Management Programme	23/04/98	5.80	0.00	0%	30/06/04
1035-GE	Georgia	Agricultural Development Project	30/04/97	4.70	0.82	17%	31/12/02
329-JO	Jordan	Income Diversification Project	06/04/93	7.30	2.11	29%	31/12/01
481-JO	Jordan	Agricultural Resource Management Project in the Governorates of Karak and Tafila	06/12/95	8.70	1.87	21%	30/06/03
1071-JO	Jordan	National Programme for Rangeland Rehabilitation and Development - Phase I	04/12/97	2.90	0.25	9%	30/06/03
305-LB	Lebanon	Smallholder Livestock Rehabilitation Project	15/04/92	7.30	2.82	39%	31/12/99
370-LB	Lebanon	Irrigation Rehabilitation and Modernization Project	05/12/94	6.70	0.86	13%	31/12/01
1036-LB	Lebanon	Agriculture Infrastructure Development Project	30/04/97	8.70	0.00	0%	30/06/03
522-MK	Macedonia	Southern and Eastern Regions Rural Rehabilitation Project	11/09/96	5.65	0.63	11%	31/12/01

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260-MA	Morocco	Livestock and Pasture Development Project in the Eastern Region	19/04/90	10.85	2.70	25%	31/12/99
356-MA	Morocco	Tafilalet and Dades Rural Development Project	20/04/94	15.90	6.02	38%	30/06/02
1010-MA	Morocco	Rural Development Project for Taourirt - Taforalt	04/12/96	13.50	0.00	0%	31/12/05
1072-OM	Oman	Community Resources Management Project	03/12/98	3.85	0.00	0%	31/12/06
1052-RO	Romania	Apuseni Development Project	10/09/98	12.40	0.00	0%	30/06/04
268-SD	Sudan	Southern Roseires Agricultural Development Project	02/10/90	7.50	7.01	93%	31/03/00
465-SD	Sudan	White Nile Agricultural Services Project	15/09/93	7.60	4.25	56%	31/12/01
311-SY	Syria	Southern Regional Agricultural Development Project - Phase II	09/09/92	12.60	3.60	29%	31/12/01
363-SY	Syria	Jebel al Hoss Agricultural Development Project	06/09/94	8.25	0.57	7%	31/12/02
482-SY	Syria	Coastal/Midlands Agricultural Development Project	06/12/95	13.65	0.88	6%	31/12/03
1073-SY	Syria	Badia Rangelands Development Project	23/04/98	14.95	0.00	0%	31/12/06
227-TN	Tunisia	Pilot Project in Algeria and Tunisia for the Integrated Rural Development of the Mellegue Watershed	15/09/88	9.30	6.95	75%	31/12/98
298-TN	Tunisia	Sidi M'Hadheb Agricultural and Fisheries Development Project	12/12/91	8.70	6.51	75%	30/06/99
348-TN	Tunisia	Integrated Agricultural Development Project in the Governorate of Kairouan	02/12/93	9.00	3.29	37%	30/06/01
483-TN	Tunisia	Integrated Agricultural Development Project in the Governorate of Siliana	06/12/95	7.55	1.34	18%	31/12/03
1104-TN	Tunisia	Integrated Agricultural Development Project in the Governorate of Zaghuan	03/12/98	11.40	0.00	0%	31/12/05
243-TR	Turkey	Bingöl-Mus Rural Development Project	14/09/89	15.50	7.44	48%	31/12/99
277-TR	Turkey	Yozgat Rural Development Project	13/12/90	11.50	5.13	45%	30/06/99
476-TR	Turkey	Ordu-Giresun Rural Development Project	14/09/95	13.40	0.00	0%	31/12/03
269-YE	Yemen	Fourth Fisheries Development Project	02/10/90	5.00	1.99	40%	30/06/99
330-YE	Yemen	Tihama Environment Protection Project	07/04/93	7.05	1.88	27%	01/07/01
1061-YE	Yemen	Southern Governorates Rural Development Project	11/09/97	8.15	0.00	0%	30/06/04
1075-YE	Yemen	Raymah Area Development Project	04/12/97	8.75	0.72	8%	30/06/06
Total: Near East and North Africa		46 Projects		451.50	128.16	28%	
Total		249 Projects		2 207.60	651.90	30%	

a/ IFAD grant.

b/ IFAD grant in USD. Amounts not included in totals.