



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Executive Board — Sixty-Seventh Session**  
Rome, 8 – 9 September 1999

**PLANNED PROJECT ACTIVITIES**  
**1999-2000**

1. At the Second Session of the Executive Board, it was agreed that information regarding planned project activities would be presented to the Board on a regular basis so that members could keep abreast of developments in IFAD's project pipeline and have the opportunity to comment, if they so wished, on the planned projects at an appropriate stage of the project cycle. Accordingly, such information has been provided regularly to each subsequent session of the Executive Board in the form of annexes to the documents submitted under the relevant agenda items

2. At an early session of the Executive Board, some members requested that the nature and intended purpose of the annexes be clarified. The requested explanation was provided at the Eighth Session and is repeated below for the convenience of the Board. The information in Annex E was requested by the Board at its Thirty-Fifth Session.

**(a) Annex A**

Annex A is a vehicle for bringing before the Board a summary of available information on projects that have reached an advanced stage of design and are thus likely to be presented to the Executive Board at one of its forthcoming sessions. Since the comments of Executive Board members on project summaries presented in Annex A are obtained at the session at which the relevant document is considered, such project summaries are not included in the Annex A portion of documents placed before the Executive Board at subsequent sessions.

However, for Annex A to serve as a compendium of all projects at an advanced stage of processing, a list is included of the projects that have been submitted to the Executive Board in the same annex at previous sessions but have not yet been approved.



**(b) Annex B**

Annex B provides a comprehensive list of pipeline projects that have been reviewed by the Fund's Technical Review Committee to ascertain their suitability for IFAD support. The annex includes projects that have been identified only, those that have reached an advanced stage of processing (and have consequently also been included in the Annex A portion of the document or of a previous document), and projects that are being presented to the Executive Board for approval at the same session. Thus Annex B provides a list, for ready reference, of all projects in the pipeline.

**(c) Annex C**

Annex C summarizes in tabular form the amounts provided for activities under the Project Development Fund facility within the technical assistance grant programme included in the Programme of Work and Budget of IFAD approved by the Governing Council.

**(d) Annex D**

Annex D provides brief descriptions of technical assistance grants under the Special Operations Facility that have been approved by the President, pursuant to the authority delegated to him by the Executive Board.<sup>1</sup>

**(e) Annex E**

Annex E contains a summary of information available – for comment thereon by the Executive Board, if so desired – on proposed technical assistance grants for agricultural research and training that, having reached an advanced stage of design, are likely to be presented to the Executive Board at a forthcoming session.

3. The information contained in Annexes A, B and E is only intended as an indication of developments in the Fund's operations at various stages of the project cycle. Some of the projects or grants listed may not materialize, while others not yet listed may enter the pipeline at a later stage. It should be noted that the inclusion in these annexes of one or more project or grant for a country does not imply any definitive judgement concerning the suitability of a given project or grant or with regard to the amount of assistance that may be appropriate for any given country or the number of projects to be financed.

4. The foregoing explanation applies both to previous documents and to the annexes attached to the present document.

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<sup>1</sup> Descriptions of any technical assistance grants approved by the President since the Board's last session will be tabled at the current session.

ANNEX A

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| <b>Region:</b> Africa I  | <b>Country:</b> Cameroon  |
| <b>Programme Name:</b> National Microfinance Support Programme | <b>Per capita GNP<sup>1</sup>:</b> 620  |
| <b>Programme Cost (USD million):</b> 15.8                      | <b>Population (million)<sup>1</sup>:</b> 14                                     |
| <b>IFAD Loan (USD million):</b> To be determined               | <b>Leading External Financier<sup>2</sup>:</b> IFAD                             |
| <b>Proposed Terms:</b> Highly concessional                     | <b>Cofinanciers:</b> To be determined   |
| <b>Present Status:</b> Under appraisal                         | <b>Appraising Institution and Loan Administrator:</b> IFAD and to be determined |

### Programme Background and Objectives

Attainment of the goal of reducing poverty and ensuring sustainable rural livelihoods - one of IFAD's overall objectives in Cameroon - will, to a large extent, depend on the availability of viable microfinance services and networks. This in turn calls for a conducive policy environment and specific actions in support of sustainable network expansion and diversification. In that context, the objective of the proposed programme will be to create and maintain a system of properly-supervised microfinance institutions (MFIs) with sustainable services that are accessible to all segments of the population, including those living in rural areas, persons with low incomes and women. More specifically, the programme will seek to: (i) develop and render operational an effective two-tier system of prudential regulation and supervision applicable to all forms of MFIs (both mutualist and non-mutualist) that operate to ensure the security of depositors' funds; (ii) develop microfinance services and the networks providing them to enable them to reach all segments of the population; (iii) contribute in providing access to financial services in high-potential rural areas where the population currently has limited or no access to such services; and (iv) support the study, elaboration and dissemination of MFI experiences in institutional and product innovation.

### Programme Beneficiaries

The proposed programme, which is national in coverage, will devote special attention to the more disadvantaged segments of the population that have little or no access to financial services. Poor, small resource users that are clients of MFIs, both rural and urban, will constitute the programme's target group. The programme is expected to restore and increase the confidence of small traders. This should lead to increased membership in, and business operations of, MFIs thereby raising the levels of resource mobilization and financial intermediation in the country, with an attendant impact on its development. The programme should contribute in a significant way to improving the situation of women since the majority of MFI clients come from the informal sector which is dominated by women (e.g. *tontines*, *njangis*). About 3% of the country's population (or 420 000 people, which is the current coverage of the decentralized financing systems) is expected to benefit directly from the measures introduced or consolidated under the programme, not to mention the additional population that will be covered as a result of network expansion.

<sup>1</sup> 1997 data; gross national product (GNP) in United States dollars.

<sup>2</sup> The external financier that, at the request of the Government, takes the lead in project design, preappraisal processing and the mobilization of external resources.

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## **Programme Components**

### **(a) Institutional Support for Policy Formulation and Management**

The programme will support: (i) the creation of the National Microfinance Council (NMFC), to be established as an autonomous body for the control, supervision, regulation and development of microfinance; and (ii) the establishment of an MFI unit within the Ministry of Finance (MINEFI) to enable it to contribute effectively to policy formulation, regulation and supervision. Financing will be provided for training, vehicles, equipment and facilities to ensure: (a) assistance, where appropriate, in reorienting MFIs so as to enable them to function effectively under the revised legislation; and (b) effective supervision of MFIs operating under the new regulations to ascertain and enforce their compliance with prudential rules.

### **(b) Development of MFI Networks**

Support will be provided for: (i) the organizational reorientation and strengthening of the apex organizations of major MFI networks to enable them to cope with the increasing demand for diversified central services, particularly self-regulation and supervision; training and management support services will also be provided. The programme will subsequently assist in expanding the networks' services, albeit to a limited extent, to other areas where there are good prospects for interfacing with complementary development activities; (ii) strengthening the professional capacity of MFI practitioners, regardless of whether or not they belong to major networks, by means training; and establishing and/or re-enforcing a microfinance course within an existing training institution to create institutional capacity on a self-sustaining basis; (iii) promoting appropriate arrangements at the network level or in connection with commercial banks with regard to liquidity exchange and refinancing; and (iv) expanding, on a pilot basis, key activities of innovative MFIs and establishing or strengthening research and development on institutional innovations and financial products.

## **Programme Implementation**

The programme will be implemented in two distinct cycles (a first three-year cycle and a three-four year cycle, subject to the results of an evaluation of the first cycle). Overall responsibility for the programme will rest with MINEFI, while NMFC will oversee programme implementation and act as an advisory body to the Government. The NMFC will act as a broad-based policy-making body comprising representatives of the major MFI networks and the independent credit and savings cooperatives, the Government, the central bank and commercial banks. Programme execution will be the responsibility of NMFC's technical secretariat, which will assume the role of a national programme management unit. A planning, evaluation and monitoring unit will assist the technical secretariat.

## **Important Features**

In line with the Country Opportunities and Strategy Paper (COSOP) approved in 1998, IFAD will provide support to create the necessary enabling conditions in institutional, technical and logistical terms for small resource users to respond efficiently to market signals. This will be achieved by lifting constraints to technology transfer, rural finance and socio-economic infrastructure. On those grounds, the programme has the following innovative features: (i) its national coverage and comprehensive approach towards microfinance development; (ii) a highly participatory process has been adopted to ensure stakeholders' ownership, including various workshops and a national validation workshop (involving donor participation) to endorse policy



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paper on microfinance and an investment programme; and (iii) interfacing of the microfinance programme with other IFAD-supported operations will be ensured.

### **Main Issues**

The following issues will be addressed during the next stages of programme development: (i) finalization of a policy paper on microfinance followed by a policy declaration on the same subject; (ii) creation of NMFC and definition of its terms of reference; (iii) establishment of an NMFI unit within MINEFI and the drawing up of its terms of reference (the latter two points will be a precondition for programme effectiveness); (iv) finalization of arrangements for training and professional development; (v) the need to ascertain the willingness and ability of various networks or supporting non-governmental organizations (NGOs) to undertake organizational reorientation and institution-building and to develop a strategic thrust and corporate focus on institutional viability and self-reliance as a future goal of both MFIs and networks with their central services; (vi) finalization of cofinancing arrangements with potential donors; and (vii) ascertaining the Government's capacity to implement the activities foreseen.

### **Previous IFAD Operations**

To date, Cameroon has received financial assistance for four projects (one IFAD-initiated and three cofinanced) for a total of SDR 26.42 million. One project is currently under implementation.

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| <b>Region:</b> Africa I  | <b>Country:</b> Guinea  |
| <b>Programme Name:</b> Participatory Rural Development Programme in Eastern Haute Guinea | <b>Per capita GNP<sup>1</sup>:</b> 550  |
| <b>Programme Cost (USD million):</b> 19.8  | <b>Population (million)<sup>1</sup>:</b> 6.9  |
| <b>IFAD Loan (USD million):</b> To be determined   | <b>Leading External Financier<sup>2</sup>:</b> IFAD   |
| <b>Proposed Terms:</b> Highly concessional   | <b>Cofinanciers:</b> IFAD. Discussions ongoing with Agence française de développement (AFD)                           |
| <b>Present Status:</b> Under appraisal   | <b>Appraising Institution and Loan Administrator:</b> IFAD and the United Nations Office for Project Services (UNOPS) |

### Programme Objectives

As 40% of Guinea's poor population is concentrated in the Haute Guinea region, the overall goal of the proposed programme will be to improve the incomes and living conditions of poor rural households in the programme area and achieve sustainable development that will be managed by the poor themselves. To that end, the immediate objectives of the programme will be to: (i) strengthen the capacity of grass-roots institutions to initiate and manage their own development, with strong emphasis on women who will constitute 50% of the beneficiaries; (ii) establish viable proximity rural financial institutions along the lines of financial service associations; (iii) improve the on- and off-farm income-earning potential of poor households; and (iv) to strengthen the regional monitoring and evaluation (M&E) system for rural development.

### Programme Beneficiaries

The programme will cover three prefectures of the Haute Guinea region, one of the country's poorest areas, where the population of 416 000 (or 48 000 households) is situated in 400 villages. There are wide differences between the income of the region and the rest of the country. Female literacy is about 20%, undernutrition is endemic and malaria is the main cause of death. Programme interventions will focus on 200 of the poorest villages in the area, accounting for approximately 189 000 people (or 24 500 households).

### Programme Components

#### (a) Participation and Training

The aim of this component will be to: (i) help men and women from the poorest villages to determine their priority activities and, on that basis establish or strengthen economic or social grass-roots institutions; (ii) provide functional literacy training to women, and technical and management training to group members; and (iii) set up implementation programmes with the groups. Support will be provided to carry out participatory rural appraisal (PRA) analyses in selected villages and to undertake training activities with the assistance of NGOs and public support services.



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**(b) Support to Agricultural Development and Diversification**

The programme will finance microprojects proposed by grass-roots institutions in the following areas: (i) crop and livestock development, including the establishment of input stores and the promotion of sustainable and locally-appropriate techniques for which an initial stock of inputs will be provided. The stores will act as information and extension centres for organic intensification, and the extension services or qualified NGOs will regularly provide advice and undertake demonstrations on demand; (ii) soil conservation measures such as contour bunds, strip cropping, village woodlots, etc; (iii) income-generating activities (e.g. processing of forest products, small services such as milling, dehulling, blacksmithing, small trade and other activities); (iv) infrastructure (e.g. development of *bas-fonds*, feeder roads repairs, drinking water supply, education and health facilities); and (v) a participatory-based applied research programme.

**(c) Rural Financial Services**

The programme will support the establishment of approximately 50 village banks along the lines of the financial services associations promoted by other IFAD projects in the country. A qualified operator will be engaged for the purpose of promoting the banks, training members and following up the monitoring and audit services. During the course of the programme, the individual banks will form as a network and link up with the formal financial sector for refinancing facilities.

**(d) Programme Management**

Support will be provided for the establishment of a small, autonomous programme-coordination unit (PCU) which will contract specific activities to partner organizations such as NGOs, public support services and private firms

**Programme Implementation**

The 10-year programme will be implemented in three phases in accordance with the terms of the Flexible Lending Mechanism (FLM). Overall implementation responsibility will rest with the Ministry of Agriculture and Livestock. The PCU will be responsible for programming, financial management, M&E and approval of microprojects. A management committee will be set up with representatives of the Ministry of Agriculture and Livestock, the three prefectures, partner organizations and beneficiaries. The beneficiaries will be responsible for the implementation of discrete microprojects activities with the support of partner organizations.

**Important Features**

In line with the strategic framework for IFAD support to the country, the programme will focus on both decentralization and local development. In so doing, the programme will adopt a demand-driven, participatory programming approach to address priority needs identified by the beneficiaries. The programme's focus on women will help in their empowerment and in the effective management of household and external resources. An *observatoire* for rural development in the region will be established and cofinanced by the major donors (IFAD, AFD, African Development Bank (AfDB) in order both to create a coordinating forum among all interventions and to foster synergies.



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**Main Issues**

The following issues will be addressed during appraisal: (i) the proposed participatory mechanism to be put in place will require further elaboration; (ii) the demand for, and supply of, services will be further assessed; (iii) alternatives for agricultural intensification will be critically reviewed; (iv) the design of the monitoring system will be strengthened; and (v) opportunities for cofinancing and complementarity with other initiatives will be pursued proactively.

**Previous IFAD Operations**

A total of eight projects (six IFAD-initiated and two cofinanced) have been approved for Guinea, for a total of SDR 56.14 million (net of cancellations). One project was financed through the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA). Three projects are currently under implementation, and the World-Bank-initiated Village Communities Support Project is expected to become effective in September 1999.



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| <b>Region:</b> Africa I  | <b>Country:</b> Senegal   |
| <b>Programme Name:</b> National Rural Infrastructure Programme (First Phase)                 | <b>Per capita GNP<sup>1</sup>:</b> 540  |
| <b>Programme Cost (USD million):</b> 180.0<br>(of which USD 46.0 for the first phase)        | <b>Population (million)<sup>1</sup>:</b> 8.7  |
| <b>IFAD Loan (USD million):</b> To be determined   | <b>Leading External Financier<sup>2</sup>:</b> International Development Association (IDA)                          |
| <b>Proposed Terms:</b> Highly concessional   | <b>Cofinanciers:</b> IFAD. Discussions ongoing with Islamic Development Bank, AfDB and a number of bilateral donors |
| <b>Present Status:</b> Preappraisal completed (joint appraisal scheduled for September 1999) | <b>Appraising Institutions and Loan Administrator:</b> World Bank/IFAD and the World Bank                           |

### Programme Objectives

The proposed World Bank-initiated programme will aim at revitalizing the rural economy in order to reduce rural poverty and improve the living conditions of the rural population. To that end, the programme will promote decentralized rural development and strengthen local governance. During the first phase, the programme is expected to: (i) improve the regulatory, institutional and fiscal framework for decentralized rural development; (ii) establish participatory mechanisms for funding and implementing rural community investment programmes; and (iii) increase access of the poorer rural communities to basic social and economic infrastructure. The proposed intervention represents a long-term rural development programme for implementation in three phases over a 12-year period within the framework of World Bank adaptable programme lending and IFAD's FLM instrument.

### Programme Beneficiaries

The programme, which is national in scope, will target 90 rural communities from the poorest regions and with the most limited basic infrastructure. The participatory process to be followed for the identification of needs, priority-setting, decision-making and management will ensure that the infrastructures to be financed correspond to the rural communities' greatest priorities and that they benefit the majority of the population. The resulting community infrastructure, combined with critical improvements in the communities' access to the national road network, will revitalize the local economy and provide enhanced opportunities for income and employment generation, especially for local artisans, small-scale entrepreneurs and labourers who will be contracted for infrastructure construction and rehabilitation. About 1.4 million persons, most of whom live below the poverty line, are expected to benefit from the programme. Women will benefit through the positive impact that the programme will have on their income through providing easier access to markets and improved health and education services.

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## Programme Components

IFAD will cofinance, on a *pari passu* basis, the following components of the first phase of the programme:

(a) **Support for Decentralized Rural Development**

The component will aim at supporting and strengthening the institutional, financial and human resource capacity of local government in the rural areas, and rationalize the legal and regulatory framework governing the environment in terms of local development. Financing will be provided for: (i) supporting the Government's efforts towards fiscal reform and improving financial management in rural areas; (ii) strengthening local government's capacity to better manage the local development process and improving response to community needs; and (iii) strengthening the M&E and analytical capacity of the National Council for Local Community Development and providing support to the Association of Presidents of Rural Communes.

(b) **Local Investment Fund**

Support will be provided for the establishment of a mechanism, a local investment fund (LIF), for transferring financial resources to local communities to fund, on a matching grant basis, priority community-based public infrastructure. Two separate financing windows will be established, namely, the Rural Investment Fund (RIF) and the Innovation Fund (IF). The RIF will finance basic community social infrastructure such as health, education, sanitary and potable water facilities, as well as works critical to the access of communities to the local and national roads network (e.g. village access roads, small bridges and drifts). The IF will be used to test improved implementation procedures for LIF funding and to broaden the menu of eligible projects to other types of public community-based investments.

(c) **Rural Transportation Infrastructure and Strengthening of the National Rural Engineering Directorate**

The programme will seek to: (i) improve access of isolated rural communities, based on a service-level approach, to rural transportation infrastructure; (ii) establish a sustainable system for rural roads management and maintenance; and (iii) assist the National Rural Engineering Directorate of the Ministry of Agriculture to define its mission, and reinforce its capacity to respond to identified priority programmes in the areas of rural transport infrastructure, environmental mitigation, and community-based micro-irrigation schemes.

(d) **Project Coordination, Monitoring and Evaluation**

The programme will support: (i) project coordination, overview, and financial management, including establishment and operation of national and regional coordination units; and (ii) the establishment and operation of an effective M&E system to be used as a management tool.

## Programme Implementation

The organizational structure of the programme will be based on existing institutions at both the central and local levels. A project steering committee (PSC) will be responsible for ensuring project overview and orientation. Overall management and coordination of programme activities will rest with a small PCU established under the authority of the Ministry of Agriculture. Together with the rural communities, the PCU will have direct responsibility for implementing the LIF. A regional



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programme coordinator will approve the rural communities' requests for funding under LIF. At the local level, the rural communities will be responsible for implementing community infrastructure microprojects eligible for LIF funding. The Ministry of the Interior and Decentralization will be responsible for implementing support to the decentralized rural development component. Representatives of the different social and economic groups, including women's and other vulnerable or marginalized groups, will be part of the rural community-level programme management committee.

### **Important Features**

The programme will be implemented within the country's decentralized framework. During the initial phase, the programme will test and establish mechanisms for decentralized planning and decision-making and approaches to strengthening the capacity of local communities and local governments to manage and maintain the investments undertaken. Based on that experience, the programme will expand during the second phase to cover the majority of the rural communities in the country while continuing to monitor and adjust programme approaches and strategies. The final phase will consolidate achievements made under the previous two phases, with emphasis on the sustainability and efficiency of the decentralized rural development process. By cofinancing this programme, IFAD will: contribute to alleviating the critical constraint of insufficient and deficient rural infrastructure that reduces opportunities for rural growth and limits the effectiveness of IFAD's ongoing operations aimed at increasing agricultural production and rural incomes; ensure that the institutional and policy reforms supported by the programme take account of the concerns of its target groups and allow them to participate in the formulation and implementation of such reforms; make sure that its target groups will be the key actors in the decentralized participatory decision processes; and address the critical issues of improving local governance and empowering the rural populations.

### **Main Issues**

The main outstanding issue is the finalization of the Government's decentralized rural development policy letter.

### **Previous IFAD Operations**

To date, the Fund has financed eight projects in Senegal (seven IFAD-initiated and one cofinanced) for a total of SDR 53.63 million. Of that amount, SDR 26.73 million was financed through the SPA (three projects were fully financed through the SPA and one jointly with the Regular Programme ). Three projects are currently under implementation and two are expected to become effective by 13 August 1999 (Village Management and Development Project (PADV)) and 1 September 1999 (Agroforestry Project to Combat Desertification).

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| <b>Region:</b> Africa II  | <b>Country:</b> Zambia                                     |
| <b>Programme Name:</b> Smallholder Enterprise and Marketing Programme | <b>Per capita GNP<sup>1</sup>:</b> 370                     |
| <b>Programme Cost (USD million):</b> 19.5                             | <b>Population (million)<sup>1</sup>:</b> 9.4               |
| <b>IFAD Loan (USD million):</b> To be determined                      | <b>Leading External Financier <sup>2</sup>:</b> IFAD       |
| <b>Proposed Terms:</b> Highly concessional                            | <b>Cofinancier:</b> None                                   |
| <b>Present Status:</b> Formulation completed                          | <b>Appraising Institution and Loan Administrator:</b> IFAD |

### Programme Objectives

The structure of organizations and processes to link farmer profitably with markets for inputs and outputs is still very weak in Zambia. In the absence of well-functioning markets, smallholders have little choice but to produce subsistence crops at a low level of inputs and are thus locked in a vicious circle of low income and poor food insecurity. The challenge, therefore, will be to create new opportunities for the successful production and marketing of higher-value crops and to help smallholders to be able to afford the inputs needed for improved food production, and so contribute to breaking the poverty cycle. Within the framework of Agriculture Sector Investment Programme (ASIP), the objectives of the proposed programme will be to: (i) equip farmer organizations to take full advantage of market opportunities; (ii) improve productivity of land and labour for smallholders diversifying their farm enterprises; (iii) contribute to the development of an economic framework that will facilitate the growth of market linkages; and (iv) establish efficient structures and procedures to coordinate efforts to develop linkages between smallholders and supply companies. In so doing, the programme expects to assist the rural poor to grasp the income-earning and development opportunities that have emerged as a result of economic liberalization.

### Programme Beneficiaries

The programme area is expected to be concentrated in the southern part of the country (Central, Lusaka and Southern Provinces) and in the Eastern Province given their concentration of private agribusiness interests. Within those areas, the various programme interventions will ensure that poor farmers are able to take full advantage of the market opportunities created. The target group will consist of (i) smallholders within the existing market service areas (i.e. where supply companies are present) but who are not participating in the evolving market-linkage process; (ii) smallholders adjacent to the market service areas but who are not participating because of organizational constraints; and (iii) smallholders who live in areas that are a little removed from the market service areas and who are presently denied access due to road conditions and, possibly, organizational factors. Overall, the aim of the programme will be to assist about 300 000 smallholders. This number comprises 200 000 smallholders currently involved in outgrowing and another 100 000 who might take up the practice over the next four to five years. About 25 000 smallholders willing to further exploit opportunities for profitable production and exchange will benefit from research-extension services for productivity enhancement and from marketing information and extension services and thus be able to take advantage of commercial opportunities through a better understanding of markets.



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## Programme Components

### (a) Development of Farmers' Organizations

The component will strengthen smallholder capacity to take full advantage of market opportunities through collective action. To that end, support will be provided to: (i) assist smallholders to form, or strengthen, groups aimed at establishing or improving market linkage mechanisms with outgrower and non-outgrower supply companies; and (ii) increase smallholder participation in farmers' representative organizations (e.g. the national farmers' union) with a view to improving the capacity of umbrella organizations both to provide services and represent smallholders' interests.

### (b) Technological Support for Enterprise Diversification

Through the research and extension sub-components, financing will be provided to: (i) enhance the quality and relevance of research. Research priorities will be set by farmer groups in conjunction with commercial agents (mainly traders and supply companies) with the assistance of advisers; the cost of research will be borne by programme resources (on a declining basis), supply companies and farmer groups; (ii) develop local capacity for adaptive research; (iii) promote the dissemination of the farmer field school approach to extension; (iv) promote extension services, under contract with farmers' groups, with emphasis on smallholder capacity-building and sustainable farming practices; and (v) provide training for supply company staff in areas such as soil fertility and integrated pest management, conservation farming techniques and reduction of the need for chemical fertilizers.

### (c) Development of Market Linkages:

- (i) **The linkage diversification** sub-component will support the development of an economic framework to facilitate the growth of market linkages by expanding the range of linkage mechanisms and information flows between smallholders and supply companies. Financing will be provided for the organization of regular meetings between representatives of smallholder groups and supply companies, provision of marketing information and extension services, and support to smallholder groups to appraise the viability of potential market opportunities. Supply companies will also be assisted to increase the range and quality of their services to smallholders through the establishment of a code of practice, and the provision of technical assistance and training.
- (ii) **The rural financial services** sub-component will seek to improve the efficiency of cash and in-kind credit services. It will set up a credit reference service to set up the creditworthiness of potential borrowers and improve repayment discipline, and assist the largest network of rural financial intermediaries, the Credit Union and Savings Association (CUSA) movement, with capacity-building through a special audit of rural credit unions affiliated to CUSA.
- (iii) **The rural infrastructure** sub-component will finance the improvement of road communications between smallholders and markets through the construction and rehabilitation of feeder roads (approximately 300 km).

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**(d) Programme Management and Policy Development**

The component will provide support for: (i) the creation of structures and procedures for programme implementation, including the a programme coordination office and a programme intelligence unit; and (ii) the formulation of policy and legislative frameworks conducive to private sector operations in association with smallholders.

**Programme Implementation**

The programme will be implemented through the Government of Zambia and private sector investment in accordance with the policies and principles of ASIP. Overall responsibility for implementation of the six-year programme will rest with the Ministry of Agriculture, Food and Fisheries. A PSC comprising representatives of a broad spectrum of stakeholders will formulate the programme's policies and strategies and oversee implementation. Various private-sector actors (farmers, supply companies and contractors) will be also involved in programme implementation. Coordination will be ensured by a programme coordination office headed by the programme manager.

**Important Features**

The proposed intervention responds to the need to devise mechanisms that enable the poor to benefit from opportunities offered by the commercialization of smallholder agriculture. In so doing, the programme will promote the linkage of smallholders to national and international markets for crops in which they have a comparative advantage and optimize the terms of engagement of smallholders with the private sector. The instruments proposed for leveraging smallholder producers into the commercial system are highly innovative, including outsourcing of the majority of programme activities, provision for training in contract and bonus negotiation, establishment of a credit reference service, participatory monitoring, and a programme intelligence unit that will conduct market assessments and monitor the effects that the development of market linkages have on household food security and nutrition in the programme area. The role of IFAD will be to bring together the various actors – the public and private sector and smallholders – in a partnership that will ensure equitable returns to the smallholders.

**Main Issues**

The following issues will be addressed during appraisal: (i) a detailed examination will be made of opportunities for and constraints to IFAD's target groups participating in the programme and complementary strategies/opportunities will be developed to support excluded sub-categories; (ii) gender issues, especially the need to spell out clearly how women will participate and benefit from the programme activities; (iii) the design of location-specific baseline surveys; (iv) a review of programme duration and implementation capacities; (v) the capacity to provide research and extension services will be assessed and a review will be made of the cost of technological support for the enterprise diversification component, particularly for supporting farmer field school activities; (vi) donors' experience in activities relevant to the programme will be evaluated and an examination will be made of the programme's inter-linkage with other donors in areas such as rural financial services; and (vii) a roads selection procedure will be elaborated to describe linkages and coordination with other programme initiatives and parallel programmes such as the rural investment fund.



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**Previous IFAD Operations**

To date, IFAD has financed six projects in Zambia (four IFAD-initiated and two cofinanced) for a total of SDR 58.74 million. Two of the projects were jointly financed with SPA. Three projects are currently under implementation.

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| <b>Region:</b> Asia and the Pacific                                    | <b>Country:</b> China  |
| <b>Project Name:</b> Qinling Mountain Area Poverty-Alleviation Project | <b>Per capita GNP<sup>1</sup>:</b> 860                                   |
| <b>Project Cost (USD million):</b> 97.0                                | <b>Population (million)<sup>1</sup>:</b> 1 227                           |
| <b>IFAD Loan (USD million):</b> to be determined                       | <b>Leading External Financier<sup>2</sup>:</b> IFAD                      |
| <b>Proposed Terms:</b> Highly concessional                             | <b>Cofinancier:</b> World Food Programme (WFP)                           |
| <b>Present Status:</b> Under appraisal                                 | <b>Appraising Institution and Loan Administrator:</b> IFAD/WFP and UNOPS |

### Project Objectives

China has achieved an impressive record in terms of reducing absolute poverty over the last four decades as a result of overall economic growth and the country's strong commitment to improving the standard of education, health and nutrition for the entire population. Despite tremendous achievements and efforts, including the recently launched Poverty Plan (1994), poverty and absolute poverty are still predominant in many rural areas, emphasizing the need for sustainability in any poverty eradication strategy and a continuous effort over an extended period of time. Therefore, the goal of the proposed project will be to ensure food and income security for vulnerable rural households living in an environment with limited and degraded natural resources. The project's objective will be to ensure a sustainable increase in productive capacity, both on-farm and off-farm, and to offer increased access to economic and social services, including education, health, sanitation and social networks.

### Project Beneficiaries

The project area will cover the 128 poorest townships within nine contiguous counties in the south-east of Shaanxi Province and the north-west of Hubei Province. The five counties of Shaanxi are part of the Shangluo Prefecture which is a nationally designated flood-prone area. The whole prefecture was strongly affected by the August 1998 floods that devastated large parts of the Yangtze Basin and surroundings. The total population of the 128 selected townships is about 1.5 million. Farm sizes are extremely small, the production systems are subsistence-oriented and the production of cash crops is very limited. Almost all households are very poor and live in extremely harsh conditions with limited food availability. The annual per capita income in the project area is about half that in the rest of rural China. The target group will comprise 310 000 households, but it is expected that 1.5 million people in the project area will be positively affected by the project. Women will constitute a significant part of the target group and project activities have been designed in full recognition of their important productive role in the project area.



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## **Project Components**

### **(a) Agricultural Development**

Financing will be provided for: (i) irrigation, by supporting a number of different water storage and water management activities including training in water management; (ii) land development; (iii) strengthening of extension services at the township level; (iv) crop and livestock development; (v) promotion of tree crops; (vi) adoption of efficient fuel stoves; and (vii) development of biogas units.

### **(b) Rural Financial Services**

The project will help the target group into asset building for sustainable development. To this end, a savings and credit awareness campaign and functional literacy and skills training will be executed at the village level before project start-up. Small loans will be provided for the development of production activities. Eligible borrowers will be low-income and poor individuals, especially women, who are economically active but presently have little or no access to formal financial sources.

### **(c) Social Development**

The component will support the provision of functional literacy training, children's schooling, technology and skills training and health education training.

### **(d) Rural Infrastructure**

The component will finance drinking water supply (e.g. drinking water tanks, community tank schemes and communal wells) and the construction of village access roads.

### **(e) Project Management, including Food Handling**

This component will include the strengthening of the project management offices (PMOs), including M&E activities; and support to the women's federation to participate in the implementation of the social development programme. The PMOs will be responsible for handling the food rations provided as incentives for some of the training activities,

## **Project Implementation**

Overall responsibility for implementation of the six-year project will rest with the Ministries of Agriculture and Finance. At the provincial level, the Departments of Agriculture of Hubei and Shaanxi will assume prime responsibility for project implementation and for coordination with other agencies involved. An interprovincial steering committee will ensure coordination and uniformity of approach. The PMOs will be responsible for project implementation under the general guidance and direction of project leading groups. Rural credit cooperatives (RCCs) will be responsible for extending credit financed from the proceeds of the IFAD loan to farmers. Participation arrangements will be ensured by the village implementation groups.



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### **Important Features**

The proposed project is in line with the strategy outlined in the COSOP and consists of a multisectoral programme of activities, including a response to the 1998 floods which affected part of the project area. This will involve the geographic targeting of poverty-stricken areas using the vulnerability analysis and mapping system, in close collaboration with WFP. Project design was undertaken by a team of national consultants with limited international support and was guided by the initial results from the PRA. The project will focus on human development as the basis for economic empowerment through capacity-building of the beneficiaries, especially women, and the provision of improved education and health facilities. It will develop a poverty and gender-sensitive extension system using the poor women farmers' fields for trials and demonstrations of improved technologies. A gender focal point will be established in each county PMO. Collaboration will be established with the Department for Rural Financial Services Reform of the People's Bank of China to improve the efficiency of RCCs as rural financial intermediaries and to promote savings. Finally, the project will seek to establish collaboration and partnerships with the United Nations Educational, Scientific and Cultural Organization, United Nations Children's Fund and United Nations Development Programme (UNDP) and other sources of funding such as sister provinces, other cities and private enterprises.

### **Main Issues**

The main issue is related to the restructuring of RCCs into rural cooperative banks and, at the same time, rendering them poverty and gender-sensitive. To that end, strategic alliances have been established with the German Agency for Technical Cooperation (GTZ) and with the Desjardins International Development Foundation to support training and capacity-building of RCCs. During appraisal, issues related to the distribution of land developed/irrigated will be addressed.

### **Previous IFAD Operations**

Financing has been provided for 14 IFAD-initiated projects in China for a total of SDR 260.84 million. Six projects are currently under implementation.

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|   |  |
|---|--|
| <b>Region:</b> Latin America and the Caribbean                            | <b>Country:</b> Honduras   |
| <b>Project Name:</b> Sustainable Rural Development Fund (FONDERS) Project | <b>Per capita GNP<sup>1</sup>:</b> 740   |
| <b>Project Cost (USD million):</b> 27.5                                   | <b>Population (million)<sup>1</sup>:</b> 6.0   |
| <b>IFAD Loan (USD million):</b> To be determined                          | <b>Leading External Financier<sup>2</sup>:</b> IFAD  |
| <b>Proposed Terms:</b> Highly concessional                                | <b>Cofinanciers:</b> Discussions ongoing with Central American Bank of Economic Integration and UNDP |
| <b>Present Status:</b> Formulation completed                              | <b>Appraising Institution and Loan Administrator:</b> IFAD and BCIE                                  |

### Project Objectives

Within the framework of the Government-initiated Sustainable Rural Development Programme (PRODERS), which forms part of the National Master Reconstruction Plan for Honduras, the proposed project will aim at supporting rural development and reconstruction of the damages caused by Hurricane Mitch. The overall objectives of the proposed project will be: (i) to bring about sustainable increases in production, agricultural and livestock productivity and food security; (ii) ensure adoption of sustainable practices in natural resource use and management; and (iii) repair the damage caused by Hurricane Mitch. Specifically, the project will seek to develop local capacity in the areas of information, knowledge, technology, access to markets and financing, infrastructure and other production services; and facilitate the access of poor marginal communities to social and government services and establish a fund for cofinancing technical assistance services, community investments in productive infrastructure and sustainable natural resource management, and for financing profitable small-scale productive activities.

### Project Beneficiaries

Although FONDERS will be part of a programme with national coverage, project activities will focus on 117 priority municipalities in ten departments, where 35% of the rural population and 40% of farms are located. Over 90% of the population in the project area is rural (approximately 1.18 million or 196 000 families). The poorest and most marginalized municipalities will be targeted. The total target population consists of 115 000 families in 850 hamlets (covering 70 municipalities in 10 clusters). Approximately 14 000 families will benefit directly from project interventions. Other families will benefit indirectly from the investments in small infrastructure projects and reconstruction of the damage caused by Hurricane Mitch, such as small bridges, access roads, etc. Rural development fund (RDF) financing is expected to benefit at least 30% of the women beneficiaries.

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## **Project Components**

### **(a) Strengthening of Local Capacity to Manage Development**

The aim of the component will be to increase the capacity of local people to identify their rural development problems, increase the capacity of local institutions to resolve such problems, and facilitate access to services offered by the public and private sector so as to improve the quality of life in the rural sector. To this end, support will be provided to: (i) target group communities, informal groups or organizations to identify problems, prepare feasible and sustainable development proposals, and access financial and technical resources to allow them to implement small development projects; (ii) intermediary or coordinating institutions among target group organizations and the rest of Honduran society to strengthen their capacity to create bridges with the rest of society, thus facilitating the channelling of FONDERS services. Coordination of priorities among each of the institutions (e.g. municipalities, ongoing rural development projects, other Government agencies, unions, churches, etc.) in respect of rural development problems will be promoted; and (iii) service providers in the project area (rural development enterprises (RDEs)) by strengthening their technical, methodological and business capacity both to enhance their sustainability and allow them to identify opportunities to develop in the rural sector. Training will cover themes such as participatory assessment and planning methods, technological and environmental messages, communication and transfer methods, and RDE administration criteria.

### **(b) Rural Development Fund**

The project will support the establishment of an RDF for cofinancing through grants, investments and support services that directly or indirectly facilitate the implementation of economically and environmentally-sustainable local initiatives. Support services to production and small productive and community infrastructure projects will be financed. The RDF interventions will exclusively respond to beneficiary demand and will be based on their broad participation at all stages of implementation.

## **Project Implementation**

The Government of Honduras will be responsible for implementation of the six-year project. It will establish a management structure with its own budget and technical, financial and administrative autonomy (the project board of directors (PBOD) and a project executing unit (PEU)). The PBOD will define policies, strategies and project priorities and the PEU will be responsible for day-to-day project implementation. The RDF will have a central project approval committee responsible for approving, financing, managing, and monitoring the implementation of the RDF projects and a number of local project approval committees (LPACs). The project will maintain close ties with other PRODERS rural development projects and public and private institutions. The beneficiaries will be represented on the PBOD, and the LPACs will include representatives of the beneficiaries and municipal governments.

## **Important Features**

The proposed project is in line with IFAD's overall strategy in Honduras that aims at reducing poverty in the rural areas through improvement of the rural poor's productive and income capacity. Additional strategic actions include the need for prompt removal of the most critical restrictions caused by Hurricane Mitch through short-term relief actions designed and implemented in a way that would assure the long-term sustainability of the project's rural development and poverty alleviation



## ANNEX A

activities. In order to coordinate the activities of the agencies involved, an IFAD representative participated at the Stockholm Consultative Group Meeting on the Reconstruction and Rehabilitation of Latin America and the Caribbean Region after Hurricane Mitch, organized by the Inter-American Development Bank. Key strategic elements of project design include strong participative and demand-driven mechanisms for identification, selection and implementation of beneficiaries' social and productive projects. The project will provide support to private sector participation (NGOs, etc.) in extension and training services, with selection and evaluation mechanisms that allow for strong beneficiary participation. All actions will be oriented towards a gender-balanced approach, assuring women heads of households and household members equal opportunities in accessing both project actions and benefits and in decision-making committees established by the project.

### **Main Issues**

The following issues will be addressed during appraisal: (i) the boundaries of the project area will be established on the basis of selected clusters of municipalities; (ii) review the progress of PRODERS in order to ensure adequate linkages between that long-term programme and FONDERS and to assure the project's complementarity with other donor-supported initiatives; (iii) agreement will be reached regarding the project operational manual, based on the preliminary draft included as an appendix of the formulation report; (iv) a contract administration agent will be selected and a model of agreement prepared; and (v) the M&E indicators and procedures will be reviewed.

### **Previous IFAD Operations**

To date, Honduras has received assistance for six IFAD-initiated projects for a total of SDR 41.52 million. Two projects are currently under implementation and one project, approved in December 1998, became effective on 30 June 1999.

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|   |  |
|---|--|
| <b>Region:</b> Near East and North Africa   | <b>Country:</b> Albania  |
| <b>Programme Name:</b> Mountain Areas Development Programme                             | <b>Per capita GNP<sup>1</sup>:</b> 760   |
| <b>Programme Cost (USD million):</b> 26.6   | <b>Population (million)<sup>1</sup>:</b> 3.0   |
| <b>IFAD Loan (USD million):</b> To be determined (including a grant of USD 0.5 million) | <b>Leading External Financier<sup>2</sup>:</b> IFAD  |
| <b>Proposed Terms:</b> Highly concessional  | <b>Cofinanciers:</b> Discussions ongoing with GTZ and the Dutch Voluntary Foundation (SNV) |
| <b>Present Status:</b> Under appraisal  | <b>Appraising Institution and Loan Administrator:</b> IFAD and UNOPS                       |

### Programme Objectives

The overall goal of the proposed programme will be to raise the standard of living of poor mountain area people through increased agricultural production and productivity, better household food security and nutrition, increased incomes from agricultural and related rural enterprises and improved infrastructure. To that end, the programme will seek to: (i) establish an agency for mountain-area development capable of elaborating a resource-efficient development programme for Albania's mountain areas and provide effective technical, financial and managerial support for its realization; (ii) establish a sustainable financial institution for the provision of financial services to rural mountain-area clients; (iii) ensure sustainable and equitable use of irrigation water vital to the livelihoods of poor mountain-area farmers; (iv) allow farmers full benefit from programme-rehabilitated irrigation schemes through support to increased crop production and diversification into higher-value crops in addition to improving food security and livestock development based on improved feed supply and increased animal health; and (v) facilitate market-oriented agriculture and improve standards of living by alleviating small infrastructure bottlenecks through the construction or rehabilitation of roads and village water supplies. The programme will build upon, consolidate and extend the achievements of the first two IFAD-financed projects, namely, the Northeastern Districts Rural Development Project (NDRDP) and the Small-Scale Irrigation Rehabilitation Project (SSIRP).

### Programme Beneficiaries

Seven poor mountain districts, with a total population of 365 000 persons or 89 000 families, will be targeted during the programme's first phase (14 districts will be covered by the end of the programme). Five of the districts are located in the south of the country and two in the north-central areas. Farm families in the area are highly vulnerable in terms of food security and nutrition. The recent crisis in Kosovo precipitated a tide of refugees into Albania. Almost 300 000 people were housed in private households, adding to the strain on the family economy and the infrastructure system in the programme area. Farm families operating in mountain areas and owning not more than 2.5 ha of arable land, of which not more than 0.75 hectares is irrigable, will be part of the programme's priority target group. The programme will directly benefit households farming on small-scale irrigation schemes eligible for rehabilitation and those in communes where support services and credit will be made available. In the first-phase programme area, the direct beneficiaries will include some 9 000 farmers principally benefiting from the irrigation rehabilitation and agricultural development components and 4 800 village credit fund/savings and credit associations (VCF/SCA).



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members and 400 producer groups, traders' associations or individual producers benefiting principally from the rural credit component. Additional beneficiaries from the rural credit component will include about 6 000 VCF/SCA members from the other two IFAD-supported projects. A total of 57 000 people will benefit from the programme's first phase.

## Programme Components

### (a) Programme Management

Support will be provided for the establishment of a semi-autonomous Mountain Areas Development Agency (MADA), which will act as a programme preparation facility for medium-to-long-term mountain area development in Albania. MADA will be responsible for managing funds, provided by IFAD and cofinanciers, in support of the programme and providing informational, technical, financial and managerial support for mountain area development.

### (b) Rural Financial Services

The programme will support the establishment of a Mountain Area Finance Fund (MAFF), as a non-banking financial foundation, for the provision of rural financial services. When established, MAFF will also become the credit delivery institution for the two other IFAD-supported projects, namely, NDRDP and SSIRP. The following credit products will be provided: (i) loans to VCFs; (ii) group lending to SCAs or credit unions; (iii) a credit line for small traders' associations (for farm inputs and distribution); (iv) a credit line for private small specialist producers; and (v) investment credit for processing enterprises.

### (c) Rural Infrastructure

- (i) **Small-scale irrigation rehabilitation.** Through this sub-component, the programme will support the rehabilitation of up to 6 400 ha of small-scale, gravity-fed irrigation schemes in six districts. This will involve the improvement of intake structures and/or reservoirs, main and secondary canals, repair and replacement of linings, and construction of water control structures; rehabilitation of 40 small-scale dams and reservoirs; and establishment of water users' associations.
- (ii) **Rural roads and village water supplies** through the rehabilitation of approximately 40 rural roads and village water supply sub-projects.

### (d) Agricultural Production

- (i) **Support to seed multiplication** will be provided through (a) the introduction of potato seed multiplication for the production of improved seeds at the level of small farms on a contract basis; and (b) the improvement of farm-produced seed through proper seed cleaning and treatment. Financing will be provided for the procurement and distribution of imported seed and the provision of base and certified seed; training; demonstrations; support to the Vegetable and Potato Research Institute; the provision of transport and laboratory equipment and the establishment of the Albanian National Seed Potato Association in the programme area.
- (ii) **Support to crop and livestock extension** will build upon ongoing efforts to establish a functioning national extension service. The extension programme, with the support of specialists from the regional extension centres, will work with groups of farmers and



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cover all aspects of agricultural production such as crop and livestock, water management, farm management, etc. Financing will be provided for audio-visual equipment; video features and radio programme production; logistical support; demonstrations; equipment; an on-farm research programme; training; and farmer visits.

- (iii) **Support to animal health** will involve: (i) contracting of local private veterinarians to carry out vaccination campaign under the supervision of the district veterinary services; (ii) provision of vaccines and antigens; and (iii) provision of equipment for existing veterinary laboratories to back up field-level animal health services.

### **Programme Implementation**

The first phase of the programme will be implemented over a six-year period under the overall responsibility of a board of trustees governing MADA.

### **Important Features**

Since there is no specific institution in the country responsible for coordinated rural poverty alleviation and development, one of the key innovations of the programme will be the setting up of MADA as a sustainable, market-oriented centre of excellence capable of providing integrated support to mountain area development. In addition, the programme will support the establishment of a sustainable financial entity for credit delivery (MAFF) to address one of the major constraints faced by the mountain area clients, i.e. the lack of a sustainable financial institution. In developing this programme, coordination has been ensured with the IDA-financed Microcredit Project.

### **Main Issues**

The following issues will be addressed during appraisal: (i) ensuring the institutional sustainability of MADA and MAFF and further development of the legal framework; (ii) reviewing how women may benefit from the programme and look into whether earmarked funds could be made available for supporting women; and (iii) finalizing of cofinancing arrangements for technical assistance.

### **Previous IFAD Operations**

So far, two IFAD-initiated projects have been approved for Albania for a total of SDR 14.45 million. Both projects are currently under implementation.



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|  |   |
|--|---|
| <b>Region:</b> Near East and North Africa              | <b>Country:</b> Yemen   |
| <b>Project Name:</b> Al-Mahra Area Development Project | <b>Per capita GNP<sup>1</sup>:</b> 270  |
| <b>Project Cost (USD million):</b> 16.17               | <b>Population (million)<sup>1</sup>:</b> 16.0                                 |
| <b>IFAD Loan (USD million):</b> To be determined       | <b>Leading External Financier<sup>2</sup>:</b> IFAD                           |
| <b>Proposed Terms:</b> Highly concessional             | <b>Cofinancier:</b> Discussions ongoing with United Nations agencies in Yemen |
| <b>Present Status:</b> Under appraisal                 | <b>Appraising Institution and Loan Administrator:</b> IFAD and UNOPS          |

### Project Objectives

Despite the remarkable growth in national income since 1970, Yemen is still afflicted by endemic poverty caused by a poor resource base and population pressure. Poverty is especially severe in rural areas and rural households in Al-Mahra are particularly disadvantaged due to the remoteness and inaccessibility of the area. Against this background, the objectives of the proposed project will be to: (i) increase the household incomes of the rural population dependent for their livelihood on fishing, farming and livestock rearing through increased production and improved marketing of fish, crop and livestock; (ii) initiate a demand-driven socio-economic rural development programme with community participation for the supply of village drinking water, improvement of on-farm irrigation, community tracks and various community activities; (iii) develop a capacity within Al-Mahra Governorate for project implementation and for planning and development administration, including the involvement of private enterprises and/or cooperatives in providing market services to artisanal fishermen.

### Project Beneficiaries

The project will target the small fishermen and farmers and the rural communities at large in the Governorate of Al-Mahra, one of Yemen's most impoverished and remote areas. It is estimated that 82%-95% of the Mahri population (126 000 inhabitants or 15 000 households) live below the poverty line. The bulk of Al-Mahra's rural population is dependent on fisheries and livestock and only a few are engaged in cropping activities. Approximately 6 750 households or about 45 000 people will benefit from the project and, of these, 1 400 households may receive multiple livestock and fisheries services. In addition, an unspecified number of households and people living in various communities are expected to have access to social services together with individuals receiving support to establish income-generating activities or to improve farm irrigation systems. Women will benefit directly through improved livestock husbandry, community development centres and credit extended for income-generating activities.



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## **Project Components**

### **(a) Fishery Development**

Credit will be provided to finance: (i) the purchase, by individuals or groups of fishermen, of small fishing boats, outboard motors, fishing gear and other inputs that will allow greater fishing ranges and longer fishing hours and contribute to increased fish catch; and (ii) improved fish marketing infrastructure through the construction of shore facilities for ice-making and cold storage and the supply of trucks and cold boxes. In addition, the project will help develop the capacity of local personnel in the handling, processing and marketing of fish, and the maintenance of boats, engines and machinery through the provision of training and technical assistance.

### **(b) Agricultural Development**

The component will support: (i) a programme to assess the suitability for Al-Mahra conditions of production technologies successfully used by resource-poor producers in similar agro-ecological and farming situations in other parts of the country. The trials will be implemented by farmers on part of their land or on a few of their animals; and (ii) the creation of a cost-effective, demand-driven, extension system based on a network of community paravets (CPVs) and community extension agents (CEAs) that will provide improved technology dissemination and veterinary services to farmers. In addition, the provision of veterinary services will be facilitated through the establishment of two small veterinary units in major livestock areas.

### **(c) Community Development**

The project will provide funds and technical back-up in support of community initiatives to provide potable water, build jetties and breakwaters, improve community tracks and social services (including income-generating activities for women and smallholder credit). Communities will be informed by the project, through selected grass-roots organizations (including NGOs), of the facilities to be provided and will be expected to organize, provide contributions and handle operation and maintenance for completed facilities.

### **(d) Implementation Support**

The project will support (i) the establishment of an autonomous project area-based project management unit (PMU) responsible for field implementation and coordination of project activities; and (ii) capacity-building in the Governorate through technical assistance and training of both participatory institutions (cooperatives, beneficiary groups and associations) and local government staff in a variety of skills necessary for enhanced development planning and implementation capacity.

## **Project Implementation**

The seven-year project will be implemented under the overall responsibility of the Ministry of Agriculture. Project activities will be overseen by a PMU that will assume a leading role in coordination of field activities, procurement, award of contracts and financing. The PMU will be responsible for implementing a major portion of the project in fisheries, farming and livestock through contractual arrangements. Commercial banks will be invited to participate in providing business credit for the development of marketing facilities. At national level, a PSC will provide policy direction and conflict-resolution services while, at the project area level, a project coordination committee, consisting of representatives of the implementing agencies in the area, will coordinate project activities.



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### **Important Features**

IFAD will be the first donor to attempt a meaningful response to the issues of poverty and marginalization in Al-Mahra. The project will involve communities in various activities (potable water supply, jetty construction, road building and the establishment of community centres) that will engender participation and enhance cohesion. Cooperatives will be assisted to become institutions serving the economic interests of their members. The project will facilitate contact between local NGOs and experienced local and international NGOs to facilitate knowledge, skill and expertise transfer, build capacity and operational efficiency. The project will encourage the private sector to invest in fish marketing in Al-Mahra, the most important economic activity in the area. Women will be more effectively integrated into provincial extension services (CPVs and CEAs) and will play an active role through participating in the selection of community investments. The role of women also will be reinforced through support for income-generating activities.

### **Main Issues**

The following issues will be addressed during appraisal: (i) further confirmation of the financial profitability of fish production and processing models under various scenarios of cost and benefit assumptions; (ii) the marketing review will be finalized; (iii) the use of cooperatives as delivery mechanisms, also for credit, and the extent to which they can contribute to savings mobilization and act as guarantors to loans obtained collectively or individually from the banking system; (iv) the participation of commercial banks in promoting investments in market infrastructure by the private sector; (v) the progress of plans to restructure the bank administering the credit to become an efficient and sustainable credit institution for serving the needs of the small farmers and fishermen; and (vi) to highlighting how women will benefit from project support and what their role will be in the decision-making process; and assessing the possibility of segregating project support to women and men.

### **Previous IFAD Operations**

IFAD has so far provided 14 loans (five IFAD-initiated and nine cofinanced) to Yemen for a total of SDR 95.11 million. Four projects are currently under implementation.



**ANNEX B**  
**PROJECTS UNDER CONSIDERATION – PERIOD 1999-2000**  
**CLASSIFIED BY STAGE OF PROCESSING**

**PROJECTS UNDER CONSIDERATION – PERIOD 1999 – 2000**

**CLASSIFIED BY STAGE OF PROCESSING**

| Region | Country | Population<br>(million)<br>1/ | GNP per<br>Capita<br>Income<br>(1997<br>actual)<br>(USD) | Project Name | Nature<br>of<br>Project | Tentative Loan<br>(USD million) | Primary IFAD<br>Contact | Included in<br>Annex A | Tentative<br>Executive<br>Board<br>Presentation |
|--------|---------|-------------------------------|--|--------------|-------------------------|---------------------------------|-------------------------|------------------------|---|
|--------|---------|-------------------------------|--|--------------|-------------------------|---------------------------------|-------------------------|------------------------|---|

**SIXTY-SEVENTH SESSION OF THE EXECUTIVE BOARD, SEPTEMBER 1999**

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|                                       |                                    |       |       |   |                             |       |                       |              |        |
|---------------------------------------|------------------------------------|-------|-------|---|-----------------------------|-------|-----------------------|--------------|--------|
| Africa I                              | Cape Verde                         | 0.4   | 1 090 | Rural Poverty Alleviation Programme                         | Rural development           | 9.2   | Mr Manssouri          | EB 60/Apr 97 | Sep-99 |
|                                       | Nigeria                            | 117.9 | 280   | Roots and Tubers Expansion Programme                        | Commodity development       | 23.0  | Mr Sourang            | EB 57/Apr 96 | Sep-99 |
| Africa II                             | Tanzania,<br>United Republic<br>of | 31.3  | 210   | Participatory Irrigation Development<br>Programme           | Irrigation                  | 17.04 | Mr Faisal             | EB 66/Apr 99 | Sep-99 |
| Asia and the<br>Pacific               | Bhutan                             | 0.7   | 430   | Second Eastern Zone Agricultural<br>Programme               | Agricultural<br>development | 9.5   | Mr Musharraf          | EB 65/Dec 98 | Sep-99 |
|                                       | Cambodia                           | 10.5  | 300   | Agricultural Development Support Project<br>to <i>Seila</i> | Agricultural<br>development | 8.60  | Mr Wang               | EB 66/Apr 99 | Sep-99 |
| Latin America<br>and the<br>Caribbean | Argentina                          | 35.7  | 8 950 | North-Western Rural Development Project                     | Rural<br>development        | 17.5  | Mr Haudry de<br>Soucy | EB 66/Apr 99 | Sep-99 |

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| Region                     | Country             | Population<br>(million)<br>1/ | GNP per<br>Capita<br>Income<br>(1997<br>actual)<br>(USD) | Project Name   | Nature<br>of<br>Project         | Tentative Loan<br>(USD million) | Primary IFAD<br>Contact | Included in<br>Annex A | Tentative<br>Executive<br>Board<br>Presentation |
|----------------------------|---------------------|-------------------------------|--|--|---------------------------------|---------------------------------|-------------------------|------------------------|---|
| <b>APPRAISAL COMPLETED</b> |                     |                               |  |  |                                 |                                 |                         |                        |   |
| Africa II                  | Zambia              | 9.4                           | 370  | Forest Resource Management Project                         | Natural resource management     | To be determined                | Mr David e Silva        | EB 62/Dec 97           | To be determined                                |
| Asia and the Pacific       | Viet Nam (X)        | 76.7                          | 310  | Rural Microfinance Project 2/                              | Rural financial services        | To be determined                | Mr Attig                | EB 54/Apr 95           | To be determined                                |
| Near East and North Africa | Republic of Moldova | 4.3                           | 460  | Rural Poverty Alleviation Programme                        | Rural financial services        | To be determined                | Mr Hassani              | EB 65/Dec 98           | Dec-99  |
| <b>UNDER APPRAISAL</b>     |                     |                               |  |  |                                 |                                 |                         |                        |   |
| Africa I                   | Cameroon            | 13.9                          | 620  | National Microfinance Support Programme                    | Microfinance                    | See Annex A                     | Mr Sourang              |                        | Dec-99  |
|                            | Guinea              | 6.9                           | 550  | Participatory Rural Development in Eastern Haute Guinea    | Rural development               | See Annex A                     | Ms Marzin               |                        | Dec 99  |
|                            | Senegal (X)         | 8.8                           | 540  | National Rural Infrastructure Programme (First Phase)      | Decentralized rural development | See Annex A                     | Mr Ben-Senia            |                        | Dec-99  |
|                            | Senegal (X)         | 8.8                           | 540  | Agricultural Services and Producer Organizations Programme | Agricultural development        | To be determined                | Mr Ben-Senia            | EB 66/Apr 99           | To be determined                                |
| Africa II                  | Mozambique          | 16.6                          | 140  | PAMA Support Project 3/                                    | Marketing                       | To be determined                | Mr Heinemman            | EB 66/Apr 99           | Dec-99  |
|                            | Uganda              | 20.3                          | 330  | Area-Based Agricultural Modernization Programme            | Area development                | To be determined                | Mr Yayock               | EB 66/Apr 99           | Dec-99  |
| Asia and the Pacific       | China               | 1 227.2                       | 860  | Quinling Mountain Area Poverty-Alleviation Project         | Rural development/<br>Credit    | See Annex A                     | Mr Martens              |                        | Dec-99  |

| Region                                   | Country    | Population<br>(million)<br>1/ | GNP per<br>Capita<br>Income<br>(1997<br>actual)<br>(USD) | Project Name  | Nature<br>of<br>Project  | Tentative Loan<br>(USD million) | Primary IFAD<br>Contact | Included in<br>Annex A | Tentative<br>Executive<br>Board<br>Presentation |
|--|------------|-------------------------------|--|---|--|---------------------------------|-------------------------|------------------------|---|
| Latin America<br>and the<br>Caribbean    | Guatemala  | 10.5                          | 1 580  | Rural Development Programme for<br>Las Verapaces  | Rural<br>development   | To be determined                | Mr Glikman              | EB 66/Apr 99           | Dec-99  |
| Near East and<br>North Africa            | Albania    | 3.3                           | 760  | Mountain Areas Development Programme  | Institution-<br>building/<br>Financial<br>services/Area<br>development | See Annex A                     | Mr Pedersen             |                        | Dec-99  |
|  | Yemen      | 16.1                          | 270  | Al-Mahra Area Development Project   | Rural<br>development   | See Annex A                     | Mr Rahman               |                        | Dec-99  |
| <b>FORMULATION/PREPARATION COMPLETED</b> |            |                               |  |   |  |                                 |                         |                        |   |
| Africa I                                 | Congo, The | 2.7                           | 670  | Marketing and Rural Finance   | Marketing and<br>rural credit  | To be determined                | Mr Saint Ange           | EB 60/Apr 97           | To be<br>determined                             |
|  | Niger      | 9.8                           | 200  | Rural Financial Services Development<br>Project   | Financial<br>services  | To be determined                | Mr Manssouri            |                        | Dec-99  |
| Africa II                                | Zambia     | 9.4                           | 370  | Smallholder Enterprise and Marketing<br>Programme 4/  | Market<br>development  | See Annex A                     | Mr David e Silva        |                        | Dec-99  |
| Asia and the<br>Pacific                  | Indonesia  | 200.4                         | 1 110  | Participatory Integrated Development in<br>Rainfed Areas  | Agricultural<br>development  | To be determined                | Mr Prayer Galletti      | EB 66/Apr 99           | Dec-99  |
| Latin America<br>and the<br>Caribbean    | Colombia   | 40.0                          | 2 180  | Development of Small-Scale Fisheries and<br>Aquaculture Project                                     | Fisheries  | To be determined                | Mr Haudry de Soucy      | EB 63/Apr 98           |   |
|  | Honduras   | 6.0                           | 740  | Sustainable Rural Development Fund<br>Project (FONDERS)   | Rural<br>development   | See Annex A                     | Mr Murguia              |                        | Dec-99  |
|  | Nicaragua  | 4.7                           | 410  | Agricultural Technology Training and<br>Support Programme – Technical<br>Assistance Fund Project 5/ | Rural<br>development   | To be determined                | Mr Bettink              |                        | Dec-99  |



| Region                               | Country             | Population<br>(million)<br>1/ | GNP per<br>Capita<br>Income<br>(1997<br>actual)<br>(USD) | Project Name  | Nature<br>of<br>Project                   | Tentative Loan<br>(USD million) | Primary IFAD<br>Contact | Included in<br>Annex A | Tentative<br>Executive<br>Board<br>Presentation |
|--------------------------------------|---------------------|-------------------------------|--|---|---|---------------------------------|-------------------------|------------------------|---|
| Near East and<br>North Africa        | Sudan               | 27.7                          | 290  | South Kordofan Agricultural Development Project                                 | Agricultural development                  | To be determined                | Mr Abdouli              |                        |   |
| <b>UNDER FORMULATION/PREPARATION</b> |                     |                               |  |   |   |                                 |                         |                        |   |
| Africa I                             | Burkina Faso<br>(X) | 10.5                          | 250  | National Community-Based Rural Development Programme                            | Rural development                         | To be determined                | Ms Trupke               |                        |   |
|                                      | Chad                | 7.2                           | 230  | Food Security Project in North Guera Region - Phase II 6/                       | Rural development                         | To be determined                | Mr Manssouri            |                        |   |
|                                      | Ghana               | 18.0                          | 390  | Rural Financial Services Project  | Rural financial institution strengthening | To be determined                | Mr Saint Ange           |                        |   |
|                                      | Sierra Leone        | 4.7                           | 160  | Rural Sector Support Programme  | Rural development                         | To be determined                | Ms Trupke               |                        |   |
| Africa II                            | Eritrea             | 3.8                           | 230  | Gash Barka Livestock and Agricultural Development                               | Area development                          | To be determined                | Mr Sorensen             |                        |   |
|                                      | Namibia             | 1.6                           | 2 110  | Southern Communal Areas Development Programme                                   | Area development                          | To be determined                | Mr Williams             |                        |   |
|                                      | Rwanda              | 7.9                           | 210  | Umutara Livestock/Rangeland Development and Environmental Protection Project 6/ | Rural development                         | To be determined                | Ms Benhammouche         |                        |   |
| Asia and the<br>Pacific              | India               | 962.4                         | 370  | National Micro-finance Support Project 7/                                       | Micro-finance                             | To be determined                | Mr Khadka               |                        |   |
|                                      | Pakistan            | 128.5                         | 500  | Federally-Administered Tribal Areas (FATA) Development Project 8/               | Rural development                         | To be determined                | Mr Wang                 |                        |   |





| Region                                    | Country       | Population<br>(million)<br>1/ | GNP per<br>Capita<br>Income<br>(1997<br>actual)<br>(USD) | Project Name   | Nature<br>of<br>Project          | Tentative Loan<br>(USD million) | Primary IFAD<br>Contact | Included in<br>Annex A | Tentative<br>Executive<br>Board<br>Presentation |
|---|---------------|-------------------------------|--|--|----------------------------------|---------------------------------|-------------------------|------------------------|---|
| Latin America<br>and the<br>Caribbean     | Mexico        | 94.3                          | 3 700  | Strengthening Production and Transformation of Marketing Links for Rubber-Producing Small Farmers and Indigenous Communities Project | Rural development                | To be determined                | Mr Murguia              |                        |   |
| Near East and<br>North Africa             | Azerbaijan    | 7.6                           | 510  | Rural Development and Poverty-Alleviation Programme for the Mountainous and Highland Areas   | Rural development                | To be determined                | Mr Hassani              |                        |   |
|   | Georgia       | 5.4                           | 860  | Rural Development and Poverty-alleviation Programme for the Mountainous and Highland Areas   | Rural development                | To be determined                | Mr Hassani              |                        |   |
| <b>INCEPTION/IDENTIFICATION COMPLETED</b> |               |                               |  |  |                                  |                                 |                         |                        |   |
| Africa I                                  | Côte d'Ivoire | 14.2                          | 710  | Small-scale Irrigation Support Programme   | Small-scale irrigation           | To be determined                | Mr Kingsbury            |                        |   |
| Africa II                                 | Lesotho       | 2.0                           | 680  | Sustainable Agriculture and Natural Resource Management Project  | Agricultural development         | To be determined                | Mr Gicharu              |                        |   |
|   | South Africa  | 40.6                          | 3 210  | Rural Financial Systems Development Project  | Rural credit                     | To be determined                | Mr Heinemann            |                        |   |
| <b>UNDER IDENTIFICATION/INCEPTION</b>     |               |                               |  |  |                                  |                                 |                         |                        |   |
| Asia and the<br>Pacific                   | Laos          | 4.8                           | 400  | Support for Rural Credit Project   | Credit                           | To be determined                | Mr Wang                 |                        |   |
|   | Nepal         | 22.3                          | 220  | Farmer-Managed Hills Irrigation Improvement Project  | Irrigation and rural development | To be determined                | Ms Toda                 |                        |   |
|   | Sri Lanka     | 18.6                          | 800  | Second Small Farmers Rural Credit  | Credit                           | To be determined                | Mr Baldwin              |                        |   |
| Latin America<br>and the<br>Caribbean     | Chile         | 14.6                          | 4 820  | Southern Region Agricultural Development Project   | Agricultural development         | To be determined                | Mr Murguia              |                        |   |



| Region                     | Country    | Population<br>(million)<br>1/ | GNP per<br>Capita<br>Income<br>(1997<br>actual)<br>(USD) | Project Name  | Nature<br>of<br>Project  | Tentative Loan<br>(USD million) | Primary IFAD<br>Contact | Included in<br>Annex A | Tentative<br>Executive<br>Board<br>Presentation |
|----------------------------|------------|-------------------------------|--|---|--------------------------|---------------------------------|-------------------------|------------------------|---|
|                            | Costa Rica | 3.5                           | 2 680  | Canton of Talamanca Sustainable Development                     | Agricultural development | To be determined                | Mr Bettink              |                        |   |
|                            | Costa Rica | 3.5                           | 2 680  | Fostering of Rural Agro-Industry-Managed Small Farmers' Project | Agro-industries          | To be determined                | Mr Bettink              |                        |   |
| Near East and North Africa | Morocco    | 27.3                          | 1 260  | El Kalaa des Sraghna Agro-Pastoral Development Project          | Livestock                | To be determined                | Mr Nourallah            |                        |   |
|                            | Yemen (X)  | 16.0                          | 270  | Spate Irrigation Improvement Project                            | Irrigation               | To be determined                | Mr Rahman               |                        |   |



**Footnotes to Annex B:**

- X Projects so marked are selected from the pipeline of a cooperating institution (indicated in parentheses); the rest are "IFAD-initiated projects", i.e., projects identified by the Fund's identification missions or directly requested by Governments.
- 1/ 1997 data from "1999 World Bank Atlas".
- 2/ The project may need to be reformulated.
- 3/ Former Smallholder Market Linkages Programme (PACA).
- 4/ Former Smallholder Commercialization Programme.
- 5/ Former Region, II, Departments of Leon and Chinandega.
- 6/ To be jointly financed with BSF.
- 7/ Former National Microfinance Initiative.
- 8/ Former North Federally-Administered Tribal Areas Development.

