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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

RWANDESE REPUBLIC

FOR THE

**UMUTARA COMMUNITY RESOURCE AND INFRASTRUCTURE DEVELOPMENT
PROJECT**



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CURRENCY EQUIVALENTS

Currency Unit	=	RWF (Rwandan Franc)
USD 1.00	=	RWF 360
RWF 1.00	=	USD 0.0028

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

AWP&B	Annual Workplan and Budget
CDC	Community Development Committee
CDF	Community Development Fund
CNUR	Commission for National Unity and Reconciliation
CWPUA	Cattle Water Point Users' Association
DRSA	Direction des services agricoles (Directorate of Agricultural Services)
FLM	Flexible Lending Mechanism
GRF	Group Revolving Funds
ISAR	National Agricultural Research Institute
MINAGRI	Ministère de l'agriculture et de l'élevage (Ministry of Agriculture)
NGO	Non-Governmental Organization
OPEC	Organization of Petroleum Exporting Countries
PCU	Project Coordination Unit
PIFU	IFAD Project Facilitation Unit

GOVERNMENT OF THE RWANDESE REPUBLIC

Fiscal Year

1 January- 31 December



MAP OF THE PROJECT AREA



Source: PF/IFAD, Rome.

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



RWANDESE REPUBLIC

UMUTARA COMMUNITY RESOURCE AND INFRASTRUCTURE DEVELOPMENT PROJECT

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Rwandese Republic
EXECUTING AGENCY:	Ministry of Finance and Economic Planning
TOTAL PROJECT COST:	USD 32.9 million
AMOUNT OF IFAD LOAN:	SDR 11.9 million (equivalent to approximately USD 16.0 million)
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIERS:	OPEC Development Fund: USD 9.9 million Non-Governmental Organizations: USD 2.3 million
CONTRIBUTION OF BORROWER:	USD 3.2 million
CONTRIBUTION OF BENEFICIARIES:	USD 1.5 million
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services (UNOPS)



PROJECT BRIEF

Who are the beneficiaries? The intended beneficiaries of the Umutara Community Resource and Infrastructure Development Project are about 51 000 families of six communes in the newly created Umutara Prefecture in Rwanda. The project area comprises two long-settled hillside communes, and four new communes created at a lower altitude, very recently settled by returnees. The target group is 97% of the population of the project area. The intended beneficiaries are all poor people, living at the threshold of poverty or well below the poverty line. Some 12 000 households among them are vulnerable, very poor households.

Why are they poor? The causes of poverty are different in the two project areas. In the old communes, the main causes are overpopulation and land slope prone to erosion, combined with the loss of livestock (an important source of manure to maintain soil fertility) and planting materials due to the war. In the new communes, poor and fragile soil, inadequate technologies to improve land productivity, an excessive number of animals, serious animal diseases, lack of improved planting materials, lack of water (for domestic and livestock use) and the absence of transport infrastructure are the main constraints facing the new settlers.

What will the proposed project do for them? The project will improve governance in the project area by enabling the public administration to provide services, either directly or through outsourcing, that respond to people's priorities and effective demands, and by promoting the development of farmers' and women's grass-roots organizations while implementing microprojects demanded by them. The project will mobilize the lowest levels of the public administration to support the demand of their constituencies. In particular, the project will provide water supplies (for domestic and livestock use), feeder roads, and technical advisory services based on the participatory diagnosis of farmers' problems; promote the production of improved seeds; introduce a paraveterinarian scheme to improve animal health services, including attention to small stock reared by women; introduce matching grants to help farmers establish their own group revolving funds for savings mobilization based on short-term credit, and initiate a women's investment fund to facilitate financing of income-generating projects requested by women's groups. The project will distribute 12 000 free input packages to very poor and vulnerable households to give them the same opportunities as the better-off households to participate in project activities.

How will the beneficiaries participate in the project? The core of the project is a system of "bottom-up" planning and implementation, and a parallel system of participatory evaluation of the quality of services provided to the beneficiaries. Service providers, including all public agencies and non-governmental organizations (NGOs), will operate under renewable contractual arrangements with the project, with all renewals subject to satisfactory performance testified by the end-users.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE
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PROJECT**

I submit the following Report and Recommendation on a proposed loan to the Rwandese Republic for SDR 11.9 million (equivalent to approximately USD 16.0 million) on highly concessional terms to help finance the Umutara Community Resource and Infrastructure Development Project. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the United Nations Office for Project Services (UNOPS) as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. Rwanda is a resource-poor, overpopulated and landlocked country beset by chronic poverty and civil strife. Its population of about 8 million people is predominantly rural (90%) and grows at roughly 3% per year. The genocide of 1994 resulted in the destruction of much of the country's social fabric, human resource base, institutional capacity, and economic and social infrastructure. Peace has now been restored to most of the country. A total of 3.8 million persons, including internally displaced persons and returned refugees, are being resettled and reintegrated into society. In 1997, the Government adopted a transitional programme to consolidate the fragile socio-economic recovery attained during 1995-96 and to lay the foundations for national reconciliation, sustainable economic growth, participatory decision-making and poverty reduction.

2. The economy has rebounded since the 50% decline in 1994 due to the genocide. Nevertheless, the real gross domestic product (GDP) in 1996 was only 72% of the 1990 GDP. The inflation dropped from 62% in 1994 to 9% in 1996. Growth has been steady since 1996, supported by prudent fiscal policies, the recovery of exports, and the massive inflow of external grants and highly concessional loans. The fiscal imbalances improved significantly as a result of adjustments of tax rates, reforms in tax and customs administration, and the flow of external grants and food aid counterpart funds. Inflation is now about 9% per annum, while the external value of the Rwandan Franc has remained fairly stable.

3. Rwanda's external debt rose from less than USD 400 million in 1987 to more than USD 1.0 billion in 1997. By 1997, the internal public debt also rose to an equivalent of USD 223 million. A World Bank-administered fund was established in 1998 to service Rwanda's multilateral debt (including that owed to IFAD) until the first quarter of 2001. It is envisaged that Rwanda will subsequently be extended assistance for permanent debt relief under the Heavily-Indebted Poor Countries Debt Initiative.

4. Agriculture is practised on all land types, including land of marginal quality and on steep slopes. In the highlands, population pressure has reduced the amount of the arable land available to an average 1.5 ha per household. In large parts of the hill country, however, soils are fertile, and the

¹ See Appendix I for additional information.



bimodal rainfall makes two crops a year possible, with a third crop grown in the valley bottoms. Because of the slope, most of the arable land requires soil conservation measures and manuring to prevent the loss of natural fertility. Some 13% of the arable land is under perennial export crops, mostly coffee and tea. Other crops are also marketed, mainly bananas, sorghum, beans, peas, maize, and fruit and vegetables.

5. Traditionally, livestock has represented an important source of manuring for smallholders, and a way to accumulate capital and to insure households against risk. Small stock is present in most farms, primarily held and managed by women. Both cattle and small livestock were decimated during the genocide. National cattle herds have been rebuilt more quickly than small livestock, but their ownership has become unequal. A large number of cattle holdings are presently found in the north-eastern prefectures such as Umutara, due to large herds being brought back by the “old-case load” refugees returning from the United Republic of Tanzania and Uganda. Umutara’s cattle currently produce a large share of the milk and meat traded in Rwanda.

6. Rwanda’s **policy for national development** calls for the preservation of an atmosphere of peace and security, the restoration and strengthening of national unity, the resettlement and reintegration of all refugees and victims of genocide, respect for the right of all refugees to return to Rwanda, and the development of human resources and the national economy. The Government is committed to increased public participation, the rule of law, respect for human rights, and decentralization of decision-making as essential to the pursuit of good governance. It intends to focus on capacity-building, justice and law enforcement, and the provision of economic and social services.

7. The **national strategy for agriculture** identifies constraints to agricultural productivity and the actions needed to address them. The strategy includes the rehabilitation of support infrastructure and extension services, and the promotion of agricultural intensification, with a view to increasing rural incomes, enhancing food security and encouraging private investment and market-orientated farm management. The **sector policy for water and sanitation** emphasizes rainwater-harvesting, where no other alternative is possible; promotes the role of communes and water-user committees in the management of water supply schemes; and encourages NGOs and other organizations to play a leading role in the formation of water-user committees. Water users are responsible for meeting the full cost of all operations and maintenance.

B. Lessons Learned from Previous IFAD Experience

8. IFAD’s ongoing assistance in Rwanda totals about USD 39 million in highly concessional loans for six projects. These include three agricultural and rural development projects, as well as a small and microenterprise development project, a returnees rehabilitation programme, and a socio-health programme, the last financed by a grant from the Belgian Survival Fund Joint Programme. The experience of all these projects points to the difficulties connected with the weak government administration, which lost most experienced officers during the civil war. On the other hand, a number of capable NGOs, private enterprises and individual technicians are present in the country.

9. The main lessons learned are: (i) special attention needs to be paid to the mobilization of local communities in order to ensure that project activities are relevant and that beneficiaries are capable of operating and maintaining facilities built by the projects; (ii) planning needs to take account of the time needed for the emergence of community-driven development action and for the building of local ownership; (iii) new approaches to agricultural technology development need to be introduced; (iv) alternative ways to provide financial services should be introduced to compensate for the lack of interest of commercial and popular banks in providing such services to the target group; (v) free input distribution to the most vulnerable households through the Ministry of Gender is successful and should be promoted; and (vi) input supply to farmers no longer needs government intervention, except for the provision of clean and improved planting material.



C. IFAD's Strategy for Collaboration with Rwanda

10. **Poverty eradication.** The events of 1994 have caused a steep rise in poverty in Rwanda, with approximately 70% of all households falling under the poverty line in 1997 compared with 53% in 1993. The proportion of woman-headed households in the population has increased from 21 to 34% between 1992 and 1996. The depth of poverty has increased and its geographical profile has changed. The worst-provided in terms of social services are the north-eastern prefectures, where returnee populations have been settled on previously unoccupied land and a public administration has only recently been established.

11. The Government regards the development of agriculture and the rural economy as critical to sustaining economic recovery, creating employment and reducing poverty. It has formulated an agricultural strategy to raise agricultural productivity. The promotion of private small-scale enterprises, the enhancement of the role of women, the provision of rural economic and social infrastructure, and the development of efficient goods and financial markets are key elements of the rural development strategy. A land-policy statement, aimed at securing tenure and improving land use, is under preparation.

12. **IFAD's strategy in Rwanda.** IFAD's strategy in Rwanda focuses on food production, soil conservation and reclamation, productivity enhancement, and decentralization through community-driven planning and community implementation of its own projects. The need to exploit the potential synergies between agricultural development and small-scale enterprise support projects in new project design is emphasized. IFAD's strategy also addresses the immediate survival needs of the most vulnerable members of its target group. Strategies to raise on-farm productivity need to be complemented by efforts that retain, as much as possible, agricultural value-added in rural areas. This approach provides a rationale for a continuous exploration of alternative and complementary sources of rural income-generation.

13. **IFAD's immediate objectives** in Rwanda involve seeking to: (i) ensure that the poorest have access to the means of achieving the best livelihoods they can from the existing resource base; (ii) address problems of sustainability and environmental protection; (iii) promote community cohesion and capacity to control its own development; (iv) improve the responsiveness of the providers of social infrastructure and services to the demand of end-users; (v) improve the capacity of institutions to address the problems of rural poverty; (vi) provide assistance to the most vulnerable to develop a minimum necessary asset base (women must be important beneficiaries of and players within this framework); and (vii) associate NGOs to project implementation or service provision.

14. These strategic considerations have lead to the selection of the project area and have been further elaborated and built in the design of the Umutara Community Resource and Infrastructure Development Project.

15. **Project rationale.** Umutara's population is poor and the vast majority of people currently have little opportunity to do much about it. They cannot move away to more fertile lands; they spend a large part of their time and effort on unproductive chores such as firewood and water collection; they lack access to institutional support mechanisms, credit, and agronomic or veterinary services; and they do not have the grass-roots structures needed to take control of their own development. In the absence of positive intervention, this situation will exacerbate poverty, social disharmony and environmental degradation. The Government alone is unlikely to be able to provide the support needed to intensify and stabilize agricultural and livestock production. The communities will have to build their own capacity to initiate sustainable change, which requires a strong effort of institutional development, involving, besides the local communities themselves, all levels of government, and civil-society organizations. There is clear scope for IFAD intervention in the Umutara Prefecture,



organized around an innovative approach to project management, which fosters community development, the mobilization of public, NGO and private resources, and the improvement of living conditions in an environmentally sound way.

PART II - THE PROJECT

A. Project Area and Target Group

16. The project will cover the Umutara Prefecture with the exception of the communes where other donors are currently providing development assistance (Kagitumba, Kahi, Muvumba and Nyagatare). The project area is divided between two old communes (established well before 1997) and four new communes (established in 1997). The old communes are home to about two thirds of the inhabitants of the project area, who are devoted predominantly to crop agriculture. The new communes include a mix of pure pastoralists, crop farmers and people practising mixed farming. However, crop farmers also represent 70% of the households of the new communes. A bimodal rainfall pattern supports two crops a year in both areas. The main crops in both areas are maize, sorghum, beans, sweet potatoes, bananas, cassava and vegetables. In the old communes, the average farm size is about 1.5 ha, sufficient to support a family of five; cash income is by the sale of bananas and/or banana wine.

17. Settlement in the new communes has taken place along the main trunk road, which runs across a range of hills with less slope than in the old communes, on rather marginal land, originally a grass savannah with little natural tree cover. Farmers have been allocated plots of 2.5-3 ha, which are not yet fully developed. In particular, banana plantations are just beginning to emerge. Sustainable agriculture in this area requires urgent soil conservation measures. The grazing area in these ranges is of very poor quality and shows evident signs of degradation after a few years of overgrazing. Livestock owners, either individuals or groups, with more than 50 head of cattle have been allocated plots of 25 ha in the more fertile areas to the east where there are large alluvial valleys and gentle hills covered with densely forested savannah and good pasture resources, but which are heavily infested with tze-tze flies.

18. Some 250 000 people (52 500 households) live in the project area. Only 23% of these households have access to clean water. The remainder either use stagnant water or are obliged to purchase jerrycans of water at exorbitant prices. People also drink water from ponds and dams used by cattle. The lack of water caused the death of 30 000 head of cattle in 1997. Apart from the trunk road, only be a few tracks, originally constructed for the use of park officials and visitors, cross the territory of the new communes.

19. **Target group.** Participatory rural appraisals undertaken before the project formulation identified four household categories: the wealthy, the average, the poor and the vulnerable. In all communes of the project area, the conditions of the “average” households tend to converge towards those of the “poor”, who are well below the poverty line. Thus, the project target groups will comprise all households with the exception of the wealthy, a tiny minority (3%) of the households. Whereas a good share of the average and poor households have the means (in the form of a minimum of assets and labour) to join project activities, most of the vulnerable households have the potential to do so but lack a minimum of assets, beside land, to acquire the base that will give them reasonably equal opportunities to participate in project activities. The project envisages special measures in this respect. Thus, the project target group will include all the average, poor and vulnerable households, a total of 50 400 households, of which about 12 000 will be vulnerable households (mostly woman-headed households).

B. Objectives and Scope

20. The project design emphasizes people’s participation, community development and support to grass-roots organizations as the most important avenues for improving governance in the area, which in turn, is a prerequisite to improving overall living conditions and social relationships. The project



focuses on institutional development, with the goal of setting in motion an equitable process of economic and human development, consistent with the sustainable mobilization and efficient use of human and natural resources. To this end, the project will establish three project implementation processes: “bottom-up” activity planning; “top-down” service delivery; and a participatory evaluation of the services provided (accountability). The project approach elaborates on the Government’s recent policy thinking.

21. The specific objectives of the project will include: (i) establishing processes to enhance community control over development and the services needed to facilitate it; (ii) providing a clean water supply to the majority of households in the prefecture, and constructing roads to isolated communities; (iii) increasing household food security by intensifying agricultural production through the introduction of improved seeds and fruit-tree species, and the use of soil conservation measures, mineral fertilizers and other soil amendments; (iv) ensuring long-term agricultural sustainability through better cropping and rangeland practices; (v) raising household cash incomes through income-generating activities and inventory credit; (vi) ensuring sustainable improvement of the environment by reducing reliance on natural fuelwood supplies and by introducing households to wood lots and agroforestry; and (vii) promoting civil-society organizations to implement community-based and community-driven development. Women will be key beneficiaries of, and participants in, project activities.

22. NGOs have an essential role to play in the project, on the principle that government is the supplier of last resort. Accordingly, the project approach is built on a distinction between the planning, regulating, delivering and financing components of service delivery. The project will outsource all service delivery that can be more effectively provided by private-sector agents or NGOs. Five international NGOs operating in Rwanda have offered to cofinance the project and to play a major role in training government staff and national NGOs, and in backstopping their operations to ensure that formal training is effective.

23. The project will use IFAD’s flexible lending mechanism (FLM) so that it can adjust its approach to handle any unforeseen issues that may arise. Service providers (government technical units or NGOs) under a service agreement with the project will implement each project sub-component. A participatory evaluation workshop will be held each year to evaluate the performance of service providers as well as that of the communities involved in each sub-component. During the workshop, representatives of community development committees, farmers’ groups, service providers and the project coordination unit will discuss the quality and quantity of services provided, and the performance of the communities.

C. Components

24. The project is structured around five components: capacity building; infrastructure development; on-farm productive investments; financial services; and institutional support.²

Capacity-building

25. The component is organized in two sub-components: community development and women in development.

26. **Community development.** Under this sub-component, the project will support a major training and backstopping programme to: (i) enable community development committees (CDCs) and beneficiary groups to contribute to the planning of project activities and their implementation at field level and (ii) enable public service providers at both prefecture and commune level, and national NGO service providers to perform their delivery functions effectively. Training will be provided through formal courses and through on-the-job training by backstopping the activities of service

² Appendix IV elaborates project components in further detail.



providers. The project will also supply some office buildings and equipment at sector, commune and prefecture levels. In addition, it will make transport equipment available, cover operating costs and fund direct costs related to training and backstopping activities.

27. The project will also provide funding to support the activities of two central government agencies in the Umutara Prefecture: the Ministry of the Environment, which will exercise control over the environmental impact of project activities, and the Commission for National Unity and Reconciliation (CNUR).

28. **Women in development.** In addition to ensuring that rural women actively participate in the project's on-farm activities, the project will promote women's asset-building and income-generating activities. The project will construct, furnish and equip a women's centre in each commune and provide transport and equipment to the prefecture unit of the Ministry of Gender. National NGOs recruited by the project will train and work with ministry staff at commune level; facilitate the formation of women's groups; and train women's group committees. The project will support a large functional literacy programme aimed at training some 7 000 illiterate women and child heads of household.

Infrastructure development

29. The component is organized in three sub-components: domestic water supply, cattle water points, and rural roads.

30. **Domestic water supply.** The objective of this sub-component will be to achieve sustainable improvements in the supply of safe water and to provide hygiene education to about 27 500 households. The project will fund a feasibility study on supplying water from gravity-fed schemes from Byumba Prefecture sources. In addition, it will fund the following domestic water supply schemes: (i) gravity-fed systems; (ii) borehole systems; and (iii) rainwater roof catchment systems. Beneficiaries will be required to contribute to the cost of construction including labour. In the case of boreholes, they will be required to purchase handpumps. The operation and maintenance of boreholes will be the responsibility of the water-user committees.

31. **Cattle water points.** The project will assist the Rwandese Government in identifying sustainable solutions to watering animals in the project area. A study will be carried out to identify the best technical solutions. A master plan of cattle water points will be prepared to ensure a reasonable balance of water, fodder supply and the numbers of resident stock. The project will provide: (i) technical assistance to undertake the master plan and to establish cattle water-point users' associations (CWPUAs); (ii) transport and related costs; and (iii) a lump sum of about USD 600 000 to construct the water points.

32. **Rural roads.** The project will construct 300 km of farm-to-market roads to provide every farm household and community with access to an all-weather road within a maximum distance of 5 km. Construction and maintenance will be the responsibility of the Ministry of Civil Works. Mechanical equipment will be used for the construction, surfacing and maintenance of roads, whereas community labour will be used for the maintenance of drains, culverts and bridges.

On-farm productive investments

33. The on-farm investment support activities will be planned within the community development framework and will be detailed in the community development funds (CDFs). This component is organized in four sub-components: (i) technology advisory services; (ii) agricultural production; (iii) animal health services; and (iv) environment and forestry.



34. **Technology advisory services.** The project will introduce participatory methodologies for the diagnosis of farmers' problems in the project area. The National Agricultural Research Institute (ISAR) and the Directorate of Agricultural Services (DRSA)/Umutara will be contracted to implement this sub-component. The project will support the rehabilitation of ISAR's research station in Umutara, salaries and allowances for incremental research staff, research equipment and tools. It will also provide for the construction of the DRSA office in Nyagatare, office equipment, transport, and related costs of DRSA technical staff and commune agronomists, veterinarians and forestry officers. The project will support the services of an international NGO, which will train ISAR and DRSA staff in participatory methodologies for identifying farmers' problems, run yearly refresher courses and provide backstopping assistance and on-the-job training. Farmers participating in on-farm testing of technology will invest their own resources, except for specialized material not available in the project area.

35. **Agricultural production services.** The project will stimulate the development of a market for improved seed and fertilizers in the project area, and will distribute agricultural production reactivation packages to vulnerable households.

- **Seed-multiplication and fertilizer-marketing centres.** The project will construct the infrastructure of six improved seed-multiplication centres in each commune; train farmers' groups and provide initial working capital for fertilizer marketing. The improved seed produced will be certified by the Ministry of Agriculture (MINAGRI), and sale under true labelling will be encouraged. Private traders and other farmers' groups could further expand this activity, with financial support provided by the project's group revolving funds (GRF) scheme.
- **Agricultural production reactivation packages for vulnerable and very poor households.** The project will distribute, on a full subsidy basis, 12 000 start-up packages of basic inputs sufficient to provide the targeted households with the minimum assets required to achieve a sustainable level of production. Each start-up package will include: improved seeds (maize and bean), fertilizers, wood/forage tree seedlings and fruit tree seedlings.

36. **Animal health and production services.** A paraveterinarian programme will be introduced, involving young community members including women, to cater for small stock. The Veterinarian Department of the Ministry of Agriculture will be the overall service provider of this activity, with training and backstopping by one of the international NGOs. The project will support the training of paraveterinarians and the establishment of a GRF for vaccines and consumable products; it will also provide transport and cover recurrent costs.

37. **Improved animal husbandry practices and technologies.** During the first phase, the project will support DRSA and ISAR, undertaking a series of on-farm tests and demonstrations on the production and conservation of fodder crops, and the improvement of grazing land. During the second phase, the research and development effort will address, among other themes, animal production problems, fodder production and conservation, the introduction of improved animal-rearing technologies, breed improvement and the improved collection and treatment of manure.

38. Two other activities will be funded under this sub-component: (i) the construction of simple pilot facilities in two of the emerging new cattle markets to promote the sale of animals by weight (each market to be managed by an apex of CWPUAs); and (ii) the construction of an animal training centre in Murambi to test bullock carts and animal draft weeding equipment designs adapted to local conditions, and to train animals in response to farmer demand.

39. **Environment and forestry.** Under the capacity-building component, the project will fund the Ministry of the Environment's annual environmental impact assessment of project-sponsored activities. The ministry will subcontract the annual assessment to specialized consultants.



40. **Forestry.** The project will support a forestry programme through: (i) financing the planting of 400 ha of communal tree lots in each commune, for a total of 2 400 ha, and the distribution of seedlings to vulnerable households, which will result in planting the equivalent of 1 200 ha; and (ii) supporting the establishment of up to 40 private nurseries, through training, the creation of commune plantations and a distribution programme for input packages. The DRSA forestry staff at commune level will manage commune plantations. Farmers will use project-supplied tools and will be paid a wage for planting.

Financial services

41. The project will support the development of sustainable community financial services. Matching grants equivalent to amounts deposited in a bank account will be extended to farmers' and women's groups to start GRFs. The GRFs will extend short-term credit to group members. Requests for matching grants by GRFs will be channelled to the project coordination unit through a fund advisory service provided by an international NGO. The project will replenish each GRF three times by matching grants against further deposits, subject to the borrowers having fully reimbursed their loans, plus a 10% service fee paid on the amounts borrowed. Credit from the GRF will be made for productive and marketing purposes. In due course, GRFs will be encouraged to diversify the products offered to members, to set their own interest rates, to develop a formal relationship with commercial banks, and to graduate into full-fledged rural financial services associations

42. In addition, the project will make available to each cell a separate matching grant, up to a maximum of USD 500 per annum for three years, to establish a window within the community development fund for a women's investment fund. The grant will subsidize 50% of the cost of the equipment of income-generating projects sponsored by women's groups. The matching grant of the women's investment fund will not be reimbursable to their GRF, but represents a straight fixed-assets subsidy.

Institutional support

43. This component will finance two activities: (i) support to the project coordination unit; and (ii) facilitation of ongoing IFAD project implementation.

44. **Project Coordination Unit (PCU).** The project will establish a PCU, with headquarters in Nyagatare, the capital of the Umutara Prefecture. The PCU will consolidate the plans of the different service providers implementing the project components. It will have three core tasks: (i) to manage the project funds; (ii) to issue contracts to service providers for the implementation of the project components; and (iii) to monitor the performance of the service providers and to evaluate the outcome of their activities. The project will finance the construction of PCU offices and staff housing and will provide for the salaries and allowances of PCU staff, transport and related costs, staff training and project-related reviews and evaluation workshops.

45. **IFAD Project Facilitation Unit (PIFU).** A national implementation coordinator will be appointed to assist participating line ministries in IFAD-funded project implementation. Financing will be provided for the duration of the project for the salaries of (i) the implementation coordinator, a Rwandese professional with experience of the national administration and of IFAD procedures, recruited from the private sector; (ii) a secretary; (iii) a driver; (iv) the purchase of a vehicle; and (v) operating costs. The project will also finance, on a retainer contract basis, the services of a local accounting/audit firm that will provide financial, accounting and audit support to IFAD projects.

D. Costs and Financing

46. The estimated total ten-year project cost is USD 32.9 million (RWF 16.2 billion), including physical and price contingencies. The summary of project costs by component is presented in Table 1. Foreign exchange represents 35% of total costs.

TABLE 1: SUMMARY OF PROJECT COSTS^a
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
A. Capacity-building	4 556.8	2 247.7	6 804.4	33	22
B. Infrastructure development	5 712.8	6 052.9	11 765.7	51	38
C. On-farm productive investment	3 664.1	1 379.9	5 044.0	27	16
D. Financial services	3 433.1	106.3	3 539.4	3	12
E. Project management	2 526.2	931.8	3 458.0	27	11
Total baseline costs	19 892.9	10 718.6	30 611.5	35	100
Physical contingencies	376.2	142.6	518.8	27	2
Price contingencies	1 183.2	563.3	1 746.6	32	6
Total project costs	21 452.4	11 424.6	32 876.9	35	107

^a Discrepancies in totals are due to rounding

47. The project will be cofinanced by IFAD, the OPEC Development Fund, the Rwandese Government, five international NGOs and the beneficiaries. IFAD will provide a loan of USD 16.0 million (49% of the total project cost) under the FLM. OPEC has already committed approximately USD 10 million (30%); the five NGOs will contribute USD 2.3 million (7%); the Rwandese Government USD 3.2 million (10%); and the beneficiaries USD 1.5 million (5%). Upon release of the appraisal report, the international NGOs will sign a letter of intent confirming their contribution. The proposed financing plan is shown in Table 2.

TABLE 2: FINANCING PLAN
(USD '000)

	IFAD		OPEC		NGO		Beneficiaries		Government		Total		Foreign Exchange	Local (Ecl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Capacity-building	4 505.0	61.4	-	-	2 336.2	31.8	-	-	494.6	6.7	7 335.7	22.3	2 413.7	4 563.3	358.6
B. Infrastructure development	808.8	6.4	9 832.0	78.3	-	-	323.5	2.6	1 599.6	12.7	12 564.0	38.2	6 377.2	4 634.8	1 552.0
C. On-farm productive investment	5 115.8	92.7	-	-	-	-	38.0	0.7	362.4	6.6	5 516.3	16.8	1 487.5	3 725.3	303.5
D. Financial services	2 443.6	67.3	-	-	-	-	1 188.8	32.7	0.0	-	3 632.3	11.0	114.4	3 517.9	-
E. Project management	3 054.2	79.8	-	-	-	-	-	-	774.5	20.2	3 828.7	11.6	1 031.7	2 169.1	627.9
Total disbursement	15 927.4	48.4	9 832.0	29.9	2 336.2	7.1	1 550.3	4.7	3 231.1	9.8	32 876.9	100.0	11 424.6	18 610.4	2 842.0

E. Procurement, Disbursement, Accounts and Audit

48. **Procurement.** Overall responsibility for contracting service providers and for procurement of other goods and services will rest with the PCU. Procedures will follow IFAD procurement guidelines. The Government shall provide IFAD with a letter indicating its intention to assume responsibility for all taxes and duties on the imported goods and services procured under the project. The Government shall be responsible for the payment of value-added tax and all social charges from the counterpart funds that it is expected to provide. Salaried staff will be responsible for the payment of income tax for which they are liable according to existing legislation in Rwanda. Civil-works contracts awarded for the construction of water supply systems and for the procurement of vehicles and equipment will be by international competitive bidding. To the extent possible, the procurement of vehicles and equipment will be by lots in order to obtain the best possible prices. Contracts with national NGOs and contracts for the construction of buildings, for inputs (seeds and fertilizers) and for project staff will be awarded by national competitive bidding.





49. **Disbursement.** The PCU will open and operate a Special Account in USD with a commercial bank acceptable to IFAD and in accordance with IFAD guidelines. The authorized allocation is USD 1 million. Upon request by the Government's designated signatories, IFAD will deposit USD 1 million into the Special Account. All expenditures below USD 20 000 will be settled from the Special Account. Expenditure for larger amounts may be settled from the Special Account or by direct payment by IFAD. All expenditures will be fully documented except for those of less than USD 20 000, for which statements of expenditure will be utilized. All documentation submitted for reimbursement will be controlled by the accounting firm recruited by the PIFU before submission to the Government; copies will be kept at the PIFU office and will be made available to auditors and to IFAD supervision missions.

50. **Accounts, reports and audits.** The financial controller will be responsible for keeping the project accounts in accordance with established practices approved by IFAD. He or she will produce biannual and annual financial reports. Project accounts will be subject to independent annual audit. The external auditors, contracted by the PIFU, will certify the accounts and include a separate opinion on the statements of expenditure and on the utilization of the Special and Project Accounts, in their reports.

51. All documents submitted by the service providers for payment by the PCU will be controlled by the PCU financial controller and verified by management service consultants recruited by the PIFU before submission to IFAD and the cooperating institutions. Within three months of the end of the project financial year, the project coordinator will submit to auditors an annual statement of sources and application of funds in respect of project expenditure. Within six months of the end of the financial year, the project coordinator will submit the auditors' report to the Ministry of Finance and to IFAD.

F. Organization and Management

52. Under the proposed arrangements the PCU will not manage specific project activities, but will provide goods and financing to service providers under specific renewable contracts, monitor their performance, advise them and assist them in problem-solving, and coordinate evaluation of their performance by end-users. In performing these tasks, the PCU will be assisted by two steering committees, one at national level and one at prefecture level. Representatives of NGO service providers and of project beneficiaries will be included among the members of the steering committees. The project's executing agency will be the Ministry of Finance and Economic Planning. Each international NGO will sign an agreement with the PCU whereby it will undertake to provide the specific services envisaged by the project and to supply their own funded share of those services; in exchange, PCU will cover the operating costs of the activities. The agreements will be negotiated for a period of three years, renewable twice for an incremental period of three years. The international NGOs will be subject to the same performance evaluation procedure as the project's other service providers.

53. Several ministries, at central and prefecture level, and two central-government agencies will be involved in implementation as service providers, along with the commune and cell development committee, and with international and national NGOs.

54. Each service provider will submit for PCU approval a three-year service plan to be provided under the project. The PCU will sign service agreements with all service providers on the basis of the approved three-year service plan and commit funds each year against an annual workplan and budget (AWP&B). The commitment of funds by the PCU in any year covered by the service plan will be subject to good performance by the service provider for the previous AWP&B. Continuation of project support will be sanctioned by annual participatory evaluation workshops. The national NGOs



and the private contractors providing goods and services under the project will be fully funded and therefore will be subject to tendering procedures agreed upon by IFAD.

G. Economic Justification

55. **Benefits and beneficiaries.** The project will generate both intangible and tangible benefits. The most fundamental project benefit will be better governance, an intangible benefit. The institutional development activities and the project approach will establish a new organizational culture in the public administration at all levels, and among the people as well. This will bring about a closer relationship between the people and the public administration, provide means and new working methods to the public administration, accelerate social reconciliation and improve national unity.

56. The project's domestic water supply sub-component will benefit about 27 500 households. The feeder road sub-component will satisfy 60% of the total estimated requirement to bring every farm within 5 km of a road connected to the country's trunk road network. Benefits will accrue to about 30 000 households in terms of lower costs for travel and for the transport of goods, equipment, input and produce; and in terms of easier exchange of information. These benefits will help reduce market failures in the project area, particularly through improved competition and better information-sharing. The cattle water points sub-component will benefit most livestock owners, about 4 400 pastoral and mixed-farming households in the new communes. The impact on the conditions of the herds and the ranges will be considerable. The existence of water points will prevent herders from encroaching on the national park, reduce exposure to animal diseases carried by wildlife, and greatly facilitate the management of the national park.

57. The project will raise the level of input use in rainfed cropping to a medium level of intensity, spread the use of soil conservation practices, and introduce more productive practices in the livestock sector. Production increases will allow the project population to have a sustainable livelihood, thus significantly benefiting both the local population and the national economy. The benefits of the technical advisory services sub-component will accrue to all farmers who take part in the participatory diagnosis process and test and apply innovations – an opportunity open to all members of the target group on a voluntary basis.

58. The distribution of agricultural production reactivation packages will improve the production potential of 12 000 very poor and vulnerable households, who will enjoy the immediate benefits of the free input supply and generate sufficient incremental production to continue using at least part of the input packages on a sustainable basis. The benefits of the seed multiplication centres will gradually accrue to some 9 000 farmers of the Umutara Prefecture, boosting production of food crops and increasing household food security.

59. The GRF scheme is designed to cater for the requirements of all the cells in the six communes. GRFs will facilitate the purchase of agricultural inputs and allow for better storage and hence better marketing of crops, thereby improving the farmers' bargaining position vis-à-vis traders and consequently their cash incomes. The window for the women's investment fund will enable women's groups to purchase small equipment for income-generating projects, particularly grain mills, which will bring financial benefits to group members and ease the workload of all women clients of the mills, whether members or non-members of the group.

60. The animal health-service sub-component will benefit all livestock owners in the project area. Particular benefits will accrue to pastoral households and to households engaged in mixed farming in the new communes. The inclusion of small stock in the vaccination programme will also benefit a large number of predominantly cropping households, particularly women. The forestry sub-component will help to relieve increasingly acute shortages of fuelwood and construction wood, establish an adequate number of private suppliers and help develop a market for forage, wood and fruit tree seedlings among farmers in the project area.



H. Risks

61. The risks of suboptimal project performance are connected with (i) the functioning of the proposed organizational and management arrangements; (ii) the response of people to the challenge of adopting new technologies, oriented towards environmental conservation, in cropping and animal husbandry; (iii) the capacity of user associations to respect their commitment to maintain the infrastructure entrusted to them; (iv) the capacity and willingness of the people to raise resources in order to become project partners under the matching-grant policy and to maintain GRFs on a sustainable basis; (v) the willingness of the public administration to comply in practice and over time with the project's renewable service agreement policy; and (vi) the PCU's capacity to run the project with the required management style. The project design seeks to attenuate such risks as much as possible. Details are given in the appropriate sections of the main text.

I. Environmental Impact

62. Under an environmental review completed prior to the formulation mission, the proposed project was given a category A classification, which reflects the fragile and already degraded state of the natural resources. Subsequently, IFAD undertook three environment assessment studies of the project area prior to project formulation. A long list of recommendations to guide project formulation is included in the document entitled the Proactive Assessment of Investment Options. The recommendations have been duly taken into account before and during appraisal³.

J. Innovative Features

63. The project design pivots upon an innovative approach to project organization and management based on grass-roots institutional development and on the application of the subsidiary principle in allocating resources and responsibilities. In addition, it makes a distinction between different components of service provision: planning, regulation, delivery and financing. More specifically, the project seeks to introduce cultural changes in the public administration and in people's organizations, and therefore places a major emphasis on training and capacity-building. It also focuses on backstopping of service providers with a view to improving their performance. The project will help CDCs and farmers' and women's groups play a leading role in development action and national resource conservation, on a partnership basis with the central and local government. Moreover, it will institutionalize the accountability of both public and private-sector service providers to the end-users of services.

64. The project's approach is therefore in line with IFAD's general strategy to seek better ways to empower target groups and to enhance their proactive participation in the development process. It is also consistent with IFAD's concern for improving governance in the rural areas of developing countries so as to foster the economic and human development of marginalized populations in a sound political context. In addition, the project design emphasizes the beneficiaries' contribution to the mobilization of resources for project implementation with a view to establishing effective partnerships between people and public administrators, and to improving the financial sustainability of development initiatives. Finally, the cofinancing arrangements include a significant contribution from international NGOs, which have agreed to take responsibility for the training and backstopping of the other service providers, meeting most of the cost of these activities from their own resources.

³ Details are shown in Appendix VI.



PART III - LEGAL INSTRUMENTS AND AUTHORITY

65. A loan agreement between the Rwandese Republic and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.
66. The Rwandese Republic is empowered under its laws to borrow from IFAD.
67. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV - RECOMMENDATION

68. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Rwandese Republic in various currencies in an amount equivalent to eleven million nine hundred thousand Special Drawing Rights (SDR 11 900 000) to mature on and prior to 1 January 2040 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Fawzi H. Al-Sultan
President

SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 7 April 2000)

1. The Government of the Republic of Rwanda (the Government) shall make the proceeds of the loan available to the lead project agency, as called for in the AWP&Bs and in accordance with customary national procedures for development assistance.
2. Over and above the loan funds and as required, the Government shall make available to the lead project agency the funds, facilities, services and other resources required for the execution of the project. In addition, the Government shall provide the lead project agency with counterpart funds in Rwandan francs from its own resources equivalent to USD 3 231 000, in accordance with customary national procedures for development assistance.
3. During the course of the first phase of the project the Government shall, on a three-monthly basis, deposit counterpart funds into the project account, net of all taxes, dues and customs duties on imported goods, in Rwandan francs equivalent to USD 140 000. During the successive phases of the project, the Government shall replenish the project account on a yearly basis by depositing into it in advance the counterpart funds called for in the AWP&B for the relevant project year. The counterpart funds shall be registered under the Public Investment Programme. The Government shall also ensure that the proceeds of the loan provided by the OPEC Development Fund are made available to the PCU as called for in the AWP&Bs.
4. The project will be divided into three distinct phases, consistent with the objectives of the FLM. Progression from one phase to the next shall be subject to satisfaction of a number of triggers. At the end of the first phase, a joint review by representatives of the Government, communities covered by the project, OPEC, the consortium of five international NGOs and IFAD shall assess the achievements of the project and submit recommendations for proceeding to the second phase or for closing the project. The final decision on whether or not to proceed from the first to the second phase will rest with IFAD, in consultation with the parties concerned.
5. From Phase I to Phase II: the triggers for proceeding from the first to the second phase of the project will be as follows:
 - (a) **Institutional support component:**
 - (i) the PCU and steering committees will have been established; staff of the PCU will have been recruited and be functional;
 - (ii) the project implementation manual will have been drafted and approved;
 - (iii) the PCU offices will have been constructed, furnished and equipped;
 - (iv) all project vehicles will have been procured;
 - (v) service agreements with public institutions will have been successfully negotiated for all project components, and the performance of the service providers will have proved satisfactory;
 - (vi) all service agreements with international NGOs will have been negotiated, and the performance of the NGOs will have proved satisfactory;
 - (vii) all service agreements with national NGOs will have been negotiated, and the performance of the NGOs will have proved satisfactory; and
 - (viii) at least one annual participatory evaluation workshop will have been held for all components.



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- (b) **Community development sub-component:**
- (i) all central government staff of the prefectures and communes together with staff of ISAR and members of the communes and CDCs will have been trained in the project approach;
 - (ii) the national NGOs responsible for providing community facilitators will have been trained;
 - (iii) the community facilitators will be operational;
 - (iv) members of at least 100 CDCs will have been trained;
 - (v) at least 60 CDCs will have applied accelerated methods for participatory research and formulated their CDFs;
 - (vi) at least 60 cells will have set up their GRFs and formulated their development community plans; and
 - (vii) the ministry responsible for the environment will have undertaken two annual assessments of the environmental impact of project activities.
- (c) **Women in development sub-component:**
- (i) commune officers of the ministry responsible for the promotion of women will have been appointed and trained;
 - (ii) the six women's centres will have been constructed and put to regular use;
 - (iii) the NGO providing Women in Development services will be active;
 - (iv) at least one women's group will have been trained in each of the 60 cells; and
 - (v) the NGO responsible for the functional literacy programme will have been appointed and at least one third of the programme will have been implemented (2 500 persons trained).
- (d) **Domestic water supply sub-component:**
- (i) the feasibility study for gravity-pipe water supply will have been completed;
 - (ii) if found feasible: the detailed engineering of the scheme will have been completed; contracts will have been awarded; and the construction work will be well under way;
 - (iii) a survey of existing boreholes in Umutara will have been undertaken and a decision will have been taken on the number and location of boreholes to be drilled and on the rainwater catchment systems required;
 - (iv) all water-user committees foreseen under the project will have been established for the purpose of providing water through the piped water system scheme;
 - (v) all water-user committees foreseen under the project will have been established and 100% of the cost of the handpumps will have been paid for the planned boreholes;
 - (vi) drilling contracts will have been awarded and at least 50% of the boreholes identified by the survey will have been equipped;
 - (vii) all water-user committees will have been trained in pump management and repair;
 - (viii) a commercial system will have been initiated to distribute handpump spare parts; and
 - (ix) a contract will have been awarded to the NGO responsible for the roof catchment system; the necessary artisans will have been trained; and at least 1 000 houses will have been equipped.
- (e) **Cattle watering points sub-component:**
- (i) the master plan for cattle watering points in Umutara will have been prepared;
 - (ii) at least 50% of the CWPUAs will have been set up and trained;
 - (iii) management of existing valley dams will have been transferred to the CWPUAs; and



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- (iv) at least one third of the new water points will have been constructed and transferred to the CWPUAs.
- (f) **Feeder roads sub-component:**
 - (i) the entire feeder road construction programme will have been planned and contracts will have been awarded for construction; and
 - (ii) at least 200 km will have been commissioned and construction work will be well under way.
- (g) **Technology advisory services and agricultural production sub-components:**
 - (i) the agreement with ISAR will have been signed;
 - (ii) the ISAR station at Kahi will have been rehabilitated and equipped, and additional staff will have been recruited;
 - (iii) staff of DRSA and ISAR will have been trained in participatory methodologies for identifying farmers' problems;
 - (iv) joint ISRA and DRSA meetings on participatory methodologies for identifying farmers' problems will have been held at least three times and in approximately half of the project areas;
 - (v) at least 40 on-farm technology tests will have been initiated and followed up by community agronomists and ISAR technicians for at least two agricultural campaigns each;
 - (vi) at least four seed multiplication centres will have been established and be functional;
 - (vii) large quantities of improved seed will have been sold on the market; and production will have been certified by MINAGRI;
 - (viii) the impact of improved seed on farmers' yields over at least three crop seasons will have been verified by means of sample measurements;
 - (ix) animal traction will be used for seed multiplication, and its impact will have been assessed;
 - (x) the ministry responsible for social affairs will have distributed start-up packages of basic inputs to vulnerable households for a total of 12 000 beneficiaries; and
 - (xi) the impact of the distribution programme will have been assessed.
- (h) **Animal health and production services sub-component:**
 - (i) the paraveterinarian service will have been defined; farmer groups will have been mobilized for the nomination of candidates from young community members; training will have been provided; and the first two years' activities will have been completed and evaluated;
 - (ii) the paraveterinarian programme will have been extended to include small stock, responding to at least 50% of the women's demand;
 - (iii) the GRF for drugs and vaccines will be functional and properly maintained;
 - (iv) the veterinary office will have been equipped;
 - (v) the Murambi animal-training centre will have been constructed; the contract with the NGO responsible for the operation awarded; and the centre will have been in operation for at least two years;
 - (vi) all animals needed by the seed multiplication groups will have been trained;
 - (vii) equipment and carts suitable for the project area will have been tested; and
 - (viii) a programme will have been formulated for on-farm testing of techniques for fodder production and conservation and of pasture-improvement methods and such testing will have been initiated in at least 12 sites with farmer participation.



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- (i) **Forestry sub-component:**
 - (i) all commune forest officers will have been recruited and trained in project activities;
 - (ii) the forestry master plan in the project area has been formulated;
 - (iii) each commune will have planted at least 150 ha;
 - (iv) at least 30 private nurseries will have been trained and have produced the seedlings required by the communal plantations and for distribution to vulnerable households.

- (j) **Final services component:**
 - (i) a service agreement will have been concluded with the international NGO responsible for the component;
 - (ii) the national NGO responsible for providing fund advisory services (FAS) has been recruited and all advisors are in post;
 - (iii) all fund advisors will have been trained;
 - (iv) at least 40 CDCs will have been mobilized. Two GRFs, of which one will be made up of women, will have received matching grants;
 - (v) the women's investment window will have started to be used;
 - (vi) all GRFs will have been audited; and
 - (vii) the national NGO providing FAS will have produced regular progress reports and will have certified the GRF accounts on a timely basis each year.

6. From Phase II to Phase III: the triggers for proceeding from the second to the third phase will be as follows, subject to any modification introduced at the end of the first phase:

- (a) **Institutional support component:**
 - (i) any changes recommended by the joint review with regard to project arrangements and procedures will have been implemented; and
 - (ii) all annual participatory evaluation works will have been held; the recommendations discussed by the project coordinator and taken into account by the PCU in renewing agreements with service providers.

- (b) **Community development sub-component:**
 - (i) at least 120 CDCs will have adopted the procedures established by the project and the CDF and will have made budgetary provisions for their CDFs;
 - (ii) at least 120 cells will have established GRFs; and
 - (iii) the ministry in charge of the environment will have carried out three annual assessments of the environment impact of project activities.

- (c) **Women in development sub-component:**
 - (i) at least 120 women's groups will have been activated and at least half of them will have used the matching grant facility to finance their microprojects; and
 - (ii) the functional literacy programme will have been completed (7 000 women trained).

- (d) **Domestic water supply sub-component:**
 - (i) all water supply systems will have been constructed and all water-point committees will functioning; and
 - (ii) the commercial distribution of waterpump spare parts will be effective in the Umutara region.



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- (e) **Cattle watering points sub-component:**
 - (i) the construction of wells and dams has been completed; and
 - (ii) management of all cattle watering points will have been transferred to the CWPUAs and will be effectively managed by the associations.

- (f) **Feeder roads sub-component:** the feeder road programme will have been completed; all 300 km will have been commissioned and will be effectively maintained.

- (g) **Technology advisory services and agricultural production sub-components:**
 - (i) the last two seed multiplication centres will have become operational;
 - (ii) seed quality control will have been effectively practised by MINAGRI;
 - (iii) the impact of improved seeds on farmers' yields will have continued to be routinely sampled;
 - (iv) the farmers will have understood the value of seed certification; and true labelling will have begun to be introduced; and
 - (v) DRSA and ISAR will have routinely practised participatory diagnosis and on-farm technology testing in all project communes.

- (h) **Animal health and production services sub-component:**
 - (i) the animal health situation will have been brought under control; the DRSA veterinary health unit in Umutara will have carried out effective controls;
 - (ii) women's groups will be satisfied with the animal health services provided;
 - (iii) the results from fodder production and conservation and pasture improvement tests will have been assessed by the participating farmers; some spontaneous dissemination of the technologies will have been noted;
 - (iv) the two pilot cattle markets will have been completed and turned over to the communes for management;
 - (v) a programme for further dissemination of information on the successful technologies will have been introduced;
 - (vi) the animal training programme will have been evaluated and the activities, including those that have been privatized, will have been transferred to farmer groups or liquidated; and
 - (vii) a programme for the intensive testing of animal production technologies with the farmers and herders will have been formulated and operations under the programme will have been initiated.

- (i) **Forestry sub-component:**
 - (i) the commune planting programme will have been completed; and
 - (ii) the commune forests will be properly maintained.

- (j) **Final services component:**
 - (i) GRFs will have been formed in at least 140 units;
 - (ii) the performance of the component will have been evaluated by an independent microfinance specialist;
 - (iii) non-performing GRFs will have been dissolved and the matching grants recuperated;
 - (iv) performing GRFs will have continued to accumulate savings; start lending for purposes other than those envisaged at the start of the project, with satisfactory loan recovery; appreciate the usefulness of the fund advisory services; and have understood that they will have to pay towards the audits;
 - (v) performing GRFs will have been informed of the possibility of further development and have expressed their interest in such merger; and



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- (vi) a proposal will have been formulated with regard to the management of the fund advisory service programme for the successive phase.

7. Each service provider will be responsible for providing goods and services, necessary for the implementation of the project, to the beneficiary groups and the decentralized public administration units. Each sub-component will mobilize service providers that may intervene in a number of sub-components. The decentralized prefecture-level units of the ministries responsible for water, public works, the promotion of women, agriculture and the environment, ISAR and CNUR will be responsible for delivering services to each sub-component. The consortium of five international NGOs and the national NGOs will, according to their specialization, act as service providers in the different project components. Furthermore, the consortium will be charged with providing training and assistance in the implementation of activities with the public administration, CDC members, national NGOs providing services to the CDCs, local groups and associations.

8. Each service provider will negotiate service agreements with the PCU for a period of three years; a yearly contract for the services involved must be provided for in the AWP&B of the relevant project year. The service providers will submit proposals for the implementation of the activities with which they are entrusted, rather than waiting for the PCU to formulate their workplans. During the course of negotiations, the PCU will group the activities into the workplans for which financing is requested. The performance of each service provider will be evaluated on a yearly basis during the course of participatory evaluation workshops. Should such evaluation prove that the performance of a given service provider is poor, the contract will not be renewed, either in its entirety or in part, and the resources thus freed may be allocated to another service provider.

9. As part of maintaining sound environmental practices as required by the General Conditions, the Government shall maintain appropriate pest management practices under the programme. To that end, the Government shall ensure that pesticides procured under the programme do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations, as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Health Organization's Recommended Classification of Pesticides by Hazard and Classification 1996-97, as amended from time to time.

10. The PCU (if necessary, by means of consultant services) and the consortium shall monitor the performance of the main service providers in carrying out their responsibilities. Particular attention will be paid to the methods used by the service providers for planning, yearly budgeting and the implementing of activities.

11. The Government shall provide IFAD with a letter indicating its intention to assume responsibility for all taxes and duties on the imported goods and services procured under the project. The Government shall be responsible for the payment of value-added tax and of all social charges from the counterpart funds that it is expected to provide. Salaried staff will be responsible for the payment of income tax for which they are liable according to existing legislation in Rwanda.

12. The Government shall insure all programme personnel against health and accident risks, in accordance with current national laws pertaining to working conditions.

13. The project shall support the promotion of women in specific project activities, such as construction of the women's centre, the functional literacy programme, and management of domestic water supplies which should considerably reduce women's workloads related to water collection. Women's integration in the economic process will receive strong support under the project and should lead to greater participation and representation of women in the different project committees and give them the same access as men to employment opportunities related to community investments.



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14. Staff of the PCU will be recruited on the basis of selection procedures open to both the public and the private sector.
15. The Government undertakes to deposit its counterpart funds at the start of each trimester.
16. The following are specified as additional conditions precedent to the effectiveness of the loan:
 - (a) the policy steering committee and the steering committee will have been constituted and their members appointed in agreement with IFAD;
 - (b) a detailed staff recruitment programme for the PCU will have been prepared; and
 - (c) a favourable legal opinion, issued by the Ministry of Justice or other competent legal authority within the Republic of Rwanda and acceptable in both form and substance, shall have been delivered by the Government to IFAD.
17. The following are specified as conditions precedent to disbursement of the proceeds of the loan:
 - (a) no withdrawals may be effected from the loan account until such time as:
 - (i) a project coordinator and an account, acceptable to IFAD, shall have been recruited;
 - (ii) a provisional AWP&B shall have been prepared for discussion and finalized during the start-up workshop;
 - (iii) counterpart funds in Rwandan francs equivalent to the amount of USD 35 000 shall have been deposited into the project account;
 - (iv) the Government shall have negotiated a service agreement with the consortium;
 - (b) no withdrawals may be effected in respect of expenses relating to Phase II until such time as the triggers for proceeding from Phase I to Phase II shall have been satisfied; and
 - (c) no withdrawals may be effected in respect of expenses relating to Phase III until such time as the triggers for proceeding from Phase II to Phase III shall have been satisfied.

APPENDIX I

COUNTRY DATA

RWANDA			
Land area (km ² thousand) 1996 1/	25	GNP per capita (USD) 1997 2/	210
Total population (million) 1997 1/	7.9	Average annual real rate of growth of GNP per capita, 1990-97 2/	-5.7
Population density (people per km ²) 1996 1/	273	Average annual rate of inflation, 1990-97 2/	19.3
Local currency	Rwandan Franc (RWF)	Exchange rate: USD 1 =360 RWF	
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1980-97 1/	2.5	GDP (USD million) 1997 1/	1 863
Crude birth rate (per thousand people) 1997 1/	46	Average annual rate of growth of GDP 1/	
Crude death rate (per thousand people) 1997 1/	22	1980-90	2.2
Infant mortality rate (per thousand live births) 1997 1/	124	1990-97	-5.7
Life expectancy at birth (years) 1997 1/	40		
		Sectoral distribution of GDP, 1997 1/	
Number of rural poor (million) (approximate) 1/	n.a.	% agriculture	37
Poor as % of total rural population 1/	n.a.	% industry	26
Total labour force (million) 1997 1/	4.2	% manufacturing	19
Female labour force as % of total, 1997 1/	49	% services	36
Education		Consumption, 1997 1/	
Primary school gross enrolment (% of relevant age group) 1996 1/	n.a.	General government consumption (as% of GDP)	9
Adult literacy rate (% of total population) 1995 3/	n.a.	Private consumption (as% of GDP)	99
		Gross domestic savings (as% of GDP)	-7
Nutrition			
Daily calorie supply per capita, 1995 3/	n.a.	Balance of Payments (USD million)	
Index of daily calorie supply per capita (industrial countries=100) 1995 3/	n.a.	Merchandise exports, 1997 1/	100
Prevalence of child malnutrition (height for age % of children under 5) 1992-97 1/	49	Merchandise imports, 1997 1/	368
Prevalence of child malnutrition (weight for age % of children under 5) 1992-97 1/	29	Balance of merchandise trade	- 267
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 1990-97 1/	n.a.	before official transfers, 1997 1/	- 352
Physicians (per thousand people) 1990-97 1/	0.03	after official transfers, 1997 1/	- 93
Percentage population without access to safe water 1990-96 3/	n.a.	Foreign direct investment, 1997 1/	1
Percentage population without access to health services 1990-95 3/	n.a.		
Percentage population without access to sanitation 1990-96 3/	n.a.	Government Finance	
		Overall budget surplus/deficit (including grants) (as% of GDP) 1996 1/	n.a.
Agriculture and Food		Total expenditure (% of GDP) 1996 1/	n.a.
Food imports as percentage of total merchandise imports 1997 1/	n.a.	Total external debt (USD million) 1997 1/	1 111
Fertilizer consumption (hundreds of grams per ha of arable land) 1995-97 1/	1	Present value of debt (as% of GNP) 1997 1/	33
Food production index (1989-91=100) 1995-97 1/	76.9	Total debt service (% of exports of goods and services) 1997 1/	13.3
Land Use		Nominal lending rate of banks, 1997 1/	n.a.
Arable land as % of land area, 1996 1/	34.5	Nominal deposit rate of banks, 1997 1/	9.5
Forest area (km ² thousand) 1995 1/	2.5		
Forest area as % of total land area, 1995 1/	10.1		
Irrigated land as % of cropland, 1994-96 1/	0.3		
n.a. not available.			
Figures in italics indicate data that are for years or periods other than those specified.			
1/ World Bank, <i>World Development Report</i> , 1999			
2/ World Bank, <i>Atlas</i> , 1999			
3/ UNDP, <i>Human Development Report</i> , 1998			

PREVIOUS IFAD LOANS TO RWANDA

Project Name	Initiating	Cooperating	Lending	Board	Loan	Current	Loan/Grant	Currency	Approval	Disbursement
	Institution	Institution	Terms	Approval	Effectiveness	Closing Date	Acronym		Loan/Grant Amount	
Byumba Rural Development	IFAD	African Development Bank (AfDB)	HC	17 Dec 81	01 Apr 83	30 Jun 90	G - I - 86 - RW	SDR	920 000	
Birunga Maize	IFAD		HC	11 Sep 84	09 Oct 85	31 Dec 98	L - I - 79 - RW L - I - 150 - RW	SDR SDR	9 080 000 3 750 000	99% 88%
Gikongoro Agricultural Development	IFAD	International Development Association (IDA)	HC	30 Nov 88	22 Dec 89	30 Jun 01	L - I - 232 - RW	SDR	8 350 000	80%
Byumba Agricultural Development - Phase II	IFAD	IDA	HC	01 Oct 90	05 Nov 91	31 May 01	L - I - 264 - RW	SDR	6 350 000	59%
Intensified Land Use Management in the Buberuka Highlands	IFAD	AfDB	HC	02 Dec 92	23 Jul 96	30 Jun 02	L - I - 314 - RW	SDR	6 750 000	32%
Rural Small and Micro-enterprise Promotion	IFAD	UNOPS	HC	17 Apr 96	02 Mar 98	30 Jun 02	L - I - 411 - RW	SDR	3 750 000	28%
Rwanda Returnees Rehabilitation Programme	IFAD	UNOPS	G	11 Sep 97	24 Oct 97	30 Jun 01	G - I - 377 - RW	SDR	2 100 000	100%

2



LOGICAL FRAMEWORK

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Development Goal:</p> <p>To activate an equitable process of economic, human and institutional development consistent with sustainable mobilization and efficient use of human and natural resources.</p> <p>Strategies:</p> <ul style="list-style-type: none"> ▪ Empower local communities to plan and implement their own projects, and determine the plans of public services provided to them ▪ Develop partnership arrangements with the communities based on sharing the cost of providing services to them ▪ Mobilize the lowest level of the public administration to promote and support local communities' in the planning and implementation of their projects, and to persuade the public service providers to actually plan and effectively provide the services demanded by the communities ▪ Introduce mechanisms that improve the efficiency and transparency of the service providers, and make service providers accountable to end-users 	<ol style="list-style-type: none"> 1. the grass-root public territorial administration responds to local people's demands and becomes an effective channel between communities and the private and public service provides; 2. civil-society groups spontaneously to achieve sustainable common objectives and mobilize their own resources to reach priority common objectives; 3. effective and transparent mechanisms are in place for government to support people's initiatives, including sharing the cost of people's priority projects; 4. the line ministries acting in the project area have acquired the skill to contract, fund and supervise the provision of services to people's organizations by private enterprises and NGOs; 5. a participatory evaluation of the performance of public and private service providers, in which end-users play an important role, is institutionalized. 	<p>Reports of the PCU evaluation officer on the annual participatory sub-component evaluation workshops</p> <p>Ad hoc participatory rural appraisal (PRA) impact evaluation studies</p> <p>Records of the farmers' suggestions kept in each sector</p> <p>PCU Progress reports</p> <p>Reports of IFAD supervision missions</p> <p>Joint IFAD/GOR Rwandese Government phase review and project reorientation reports</p>	<p>Political stability exists throughout the project life</p> <p>Political support is available to strengthen grass-roots organizations in rural areas and is extended to civil-society organizations and NGOs</p> <p>The public administration officers:</p> <ul style="list-style-type: none"> ▪ understand the distinction among planning, regulating, delivery and financing in the provision of services, and ▪ accept the evaluation of performance service providers by end-users <p>The participatory sub-component evaluation workshops:</p> <ul style="list-style-type: none"> ▪ are regularly and effectively held, and recommendations are actually taken into account in renewing service agreements
<p>Expected Outcome</p>		<p>For all sub-components: Accounts of the participatory evaluation workshops, and reports of the phase review project reorientation missions</p>	<p>People are willing to contribute their own savings and labour to finance their own projects</p>
<p><i>Community development:</i> Most CDCs in the project area are capable of formulating CDPs based on PRA methods; effectively promote GRFs and women's group activities; and formulate annual budgets for community development funds (CDFs) eligible for project matching grants. Social relations are improved, and reconciliation and a better sense of national unity are achieved. The environmental impact of development activities is kept under control.</p>	<p>Number of CDPs formulated Number of GRFs established Number of CDFs adequately formulated</p> <p>Number and quality of CNUR activities</p> <p>Soil conservation practices introduced, crossing of animals into the Akagera Park, reduction in the number of cattle, etc.</p>	<p>Reports of the community facilitators Reports of international NGOs</p> <p>CNUR reports</p> <p>Environmental assessment studies of the Ministry of the Environment</p>	<p>People and administrators manage to overcome transfer-dependency culture.</p> <p>Control of GRFs is effective and rigorous.</p> <p>GRF members appreciate that having their own sustainable financial services system is more important than cashing in short-term benefits of project matching grants. The PCU can manage to recover the matching grants disbursed to defaulting GRFs.</p>



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><i>Women in development:</i> More women are represented and actively participate community organizations, water users' committees, CWPUA, GRFs and CDCs Women income-generating activities are increased through labour-savings technologies, workload on women is reduced, women's illiteracy rate lowered, and hygiene and health conditions in the households are improved.</p>	<p>Share of women's membership in grass-roots organizations and in their management committees Number and quality of the women's groups using the project's financial facility, amount of savings mobilized. Number and type of labour-savings agro-processing equipment financed, and impact on women's workload Percentage of women trained in functional literacy who retain the skill three years after training.</p>	<p>Reports of the prefecture officer of the Ministry of Gender Reports of the national NGO providing WIDs Reports of the international NGO backstopping the national NGO that provides functional literacy training</p>	<p>Technical support to design feasible income-generating projects for women's groups is available from NGOs or from private professionals at reasonable cost. Members of GRFs appreciate the role of external auditors and are ready to pay for the service.</p>
<p><i>Domestic waters supply:</i> Safe domestic water supply coverage is increased from 23 to 79% of the households in the project area. Established water users' committees function properly; maintenance facilities is financially self-sustainable; pump spare parts are available in the market.</p>	<p>Standards of water users' committees' operations and state and repairs of facilities Number of water users' committees not performing, cases of water supplies not working for lack of maintenance Pump spare parts in stock with private traders</p>	<p>Reports of the community facilitators Reports of the international NGO training and backstopping the national NGO providing CDFs.</p>	<p>Members of successful GRFs are willing to join with other GRFs to form rural financial services associations of the minimum size required to operate a more diversified portfolio of products efficiently</p>
<p><i>Cattle water points:</i> Utilization of water and pasture resources of the project area is improved; Established CWPUA function properly and maintain all facilities with own funds. The cattle of the project area do not need to cross the park to water at the Akagera river.</p>	<p>Number and percentage of cattle water points turned over to CWPUAs Quality of performance of CWPUAs State of maintenance of watering points Project-area cattle crossing the Park.</p>	<p>Reports of the DRSA veterinary officers. Reports of the community facilitators Reports of the international NGOs Reports of the park manager and of the German Agency for Technical Cooperation.</p>	<p>Herders will de-stock to the extent required to keep cattle numbers within the watering and grazing capacity of the project area, and in any case to no more than 120 000 head of cattle in the new provinces.</p>
<p><i>Feeder roads:</i> More farmers sell their products at markets and at higher prices; inputs cost less; and farmers are better informed.</p>	<p>Qualitative and quantitative verification through PRA surveys.</p>	<p>PRA surveys contracted by the PCU to national specialists.</p>	<p>A solution is found to stop the cattle of Kahi and Nyagatare from crossing the project area</p>
<p><i>Technology Advisory Services:</i> Relationship between farmers and technicians is improved and close research and extension linkages are established; DRSA and ISAR jointly implement participatory diagnosis of farmers' problems methodology and jointly supervise farmers' adaptive technology trials</p>	<p>Number and quality of annual meetings with farmers Qualitative assessment of the performance of the prefecture technical advisory committee and of the TAC task forces at communal level (CTFs) . Amount and quality of farmers' participation Number of innovative technology tests on farmers' fields.</p>	<p>Reports of the technical advisory committee-DRSA Umutara Reports of ISAR station manager Report of the international NGO providing training and backstopping</p>	<p>Improved seeds are multiplied from ISAR genetic material resulting in an improvement in crop yields by at least 30% or 60 to 100% if chemical fertilizers are also applied.</p>
<p><i>Agricultural production:</i> The availability of good-quality seed, fertilizers and other inputs is improved, The impact of improved seeds on crop yields in farmers' fields is regularly sampled,</p>	<p>Quantity of improved seeds produced, certified, and sold by seed multiplication centres Surveys of impact of improved seed and fertilizers on the yield of crops on farmers fields</p>	<p>Reports of DRSA Reports of the ISAR station Reports of the MINAGRI Seed Certification Service</p>	



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Improved seeds certified by MINAGRI begin to be marketed under true labelling and a price differential with respect to commercial grains is accepted by farmers.</p> <p>Some 12 000 vulnerable households are enabled to participate in cost-shared project activities on an equal basis as other members of the target group.</p>	<p>Price at which improved seed sold Quantity of seed produced under true labelling Quantity of fertilizers marketed Amount of seed centres revolving fund at the end of the project life</p> <p>Impact of packages distributed on the production of beneficiary households Percentage of beneficiaries willing and able to purchase the same inputs at market prices Survival of trees planted by beneficiary vulnerable households.</p>	<p>Reports of the international NGO providing training and backstopping services</p> <p>Input distribution impact evaluation report Reports of the DRSA forestry officer</p>	
<p><i>Animal health and production services:</i> Health conditions of cattle and small stock are significantly improved. A network of farmers who have been nominated village paraveterinarians, including women, carry out animal preventive medicine for large and small stock. Livestock owners pay the full cost of vaccinations through the village paraveterinarians. The DRSA handles the drug and vaccine revolving fund properly. Animal feeding is improved: DRSA, ISAR and livestock owners jointly test fodder production and conservation technologies and carry out pasture improvement trials; livestock owners adopt improved practices. Increased livestock production through breed improvement is introduced when animal health and feed supplies are under control. Livestock producer's prices are higher as a result of cattle, sheep and goats begin marketed by weight. Independent transport is available and weeding is made easier for farmers through animal traction.</p>	<p>Reduced occurrence of animal diseases. Number of men paraveterinarians successfully operating. Number of women paraveterinarian successfully operating Subsidy on drugs and vaccines abolished Amount of drug and vaccines revolving fund</p> <p>Results of the tests of improved technologies on farmer fields Results of tests of pasture improvement Number of farmers adopting improved technologies</p> <p>Number of cattle sold by weight in the pilot market Cattle price information</p> <p>Number of animals training and of traction equipment sold to farmers</p>	<p>Reports of the DRSA veterinary officer Reports of commune livestock officers Report of the international NGO backstopping the DRSA for livestock services</p> <p>Reports of DRSA livestock officer Reports of ISAR station director Report of the international NGO training and backstopping</p> <p>Report of the farmer's associations managing the facilities Report of the DRSA livestock officer Report of the national NGO managing the animal-training centre</p> <p>Reports of the international NGO backstopping livestock services</p>	
<p><i>Forestry:</i> The supply of wood in the project area is increased. Fruit production is increased. Revenue of communes is improved.</p>	<p>Number of GRFs properly managed, amount of savings mobilized, number and performance of inventory credit schemes funded, amounts of credit for agricultural inputs, and other purposes, cases of loan delinquency and of suspension of matching-grant disbursement</p>	<p>Reports of the DRSA forestry officer Reports of the Bourgmestres Separate financial accounts of commune plantations</p>	
<p><i>Financial Services;</i> Short- term credit is available for farmers to finance crops, and livestock and purchase inputs: improved farmers bargaining power vis-à-vis traders, is improved and input use is increased.</p> <p>Women's groups mobilize the women investment window for sustainable income-generating activities, grain and cassava-</p>	<p>Number and quality of the women's groups that have used the financial facility; amount of savings mobilized. Number, type and performance over time of income-generating projects funded under the scheme</p>	<p>Reports of the fund advisors Reports of the International NGOs backstopping fund advisory services (FAS). Reports of PCU financial advisor</p>	



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>milling services spread in the project area.</p> <p>Particularly successful GRFs graduate into full-fledged rural financial services associations (RFSAs).</p>	<p>Number and quality of portfolios, savings mobilized, and financial sustainability of RFSAs established by the end of the project life</p>		
<p>PROJECT OUTPUT</p> <p><i>Community Development:</i></p> <p>All Umutara prefecture officers operating in the project area – the Ministry of Gender, the Ministry of Energy, Water and Natural Resources (MINERANA), DRSA and public works), the ISAR station staff, the six commune administrators (<i>burgmesters</i>), and all members of the development committee of the six communes trained.</p> <p>All members of the 203 CDCs are trained in the project approach and in participatory rural appraisal (PRA) planning of priority community projects, promotion of GRFs and control of eligibility conditions for receiving project matching grants, preparation of CDP and of CDF budgets,</p> <p>Assistance is given to farmers groups in establishing group organization, electing group management committees etc.,</p> <p>Six commune offices are set up and 40 small offices one in each sector.</p> <p>Annual assessments are undertaken of the environmental impact of project activities.</p> <p>Social reconciliation and national unit activities are promoted.</p>	<p>Number of people trained and quality of training offered</p> <p>Number of people trained and quality of training and backstopping services offered</p> <p>Number of groups established and quality of assistance</p> <p>Number and type of premises constructed</p> <p>Number of environment-assessment studies performed and quality of such studies</p> <p>Type and number of activities undertaken by CNUR</p>	<ul style="list-style-type: none"> ▪ Progress reports of the PCU ▪ Reports of PCU monitoring and evaluation officers. ▪ Reports of the meetings of the project policy steering committee. ▪ Reports of the meetings of the prefecture steering committee. ▪ Reports of the participatory evaluation workshops. ▪ Progress reports of the international and national NGOs. ▪ Reports of the cooperating institution's supervision missions. ▪ Reports of the IFAD supervision missions. ▪ Reports of the phase review and project reorientation missions. 	<p>All service providers take a proactive approach and show strong initiative to obtain project support, produce their proposed AWP&B on time and correctly expedite the negotiation of the service agreement, and the timely completion of the consolidated project AWP&B for submission to the IFAD cooperating institutions.</p> <p>All progress reports are produced on time and all information requested is collected and adequately processed and analysed.</p> <p>The PCU takes effective remedial action in case of inadequate delivery of project output by the service providers.</p>
<p><i>Women in Development:</i></p> <p>Prefecture and commune officers of the Ministry of Gender are trained in WID, and there is backstopping of their activities.</p> <p>Assistance is provided to women's groups in establishing group organization, electing group management committees, managing group affairs.</p> <p>Women's groups are trained in household-management and related subjects.</p> <p>Assistance is provided to women's groups in planning, procurement and management of income-generating projects.</p> <p>Control is exercised that women's effective demand for matching grants and training (including in the paraveterinarian programme) is actually satisfied.</p> <p>Up to 7 000 illiterate women are trained in functional literacy.</p> <p>Six commune women's centres are established.</p>	<p>Number of people trained and quality of training and backstopping services</p> <p>Number of groups established and quality of training and assistance</p> <p>Number of income-generating project groups established by typology of projects and quality of training and assistance</p> <p>Number and effectiveness of women participating in all project activities</p> <p>Number of women trained</p> <p>Number of women's centres constructed and</p>		



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><i>Domestic water supply:</i> Feasibility studies for gravity-piped water supply, and surveys are undertaken of existing boreholes in the Umutara Prefecture. A water piped-gravity system is established if feasible, with boreholes with hand pumps, roof catchment and water storage tank with filter sufficient to provide safe water to 27,500 households, All water-user groups established trained to run the water supplies, collect water fees, and management the public piped water system.</p> <p><i>Cattle water points:</i> A master plan of cattle water points in the new communes is produced. Valley dams, wells and boreholes are considered in accordance with the master plan and up to a total cost of USD 660 000. CWPUAs are established and trained to run all man-made cattle watering points in the new communes.</p> <p><i>Feeder roads:</i> 300 km of feeder roads are constructed.</p> <p><i>Technology Advisory Services:</i> The Umutara ISAR station is rehabilitated. Three research officers of the ISAR station. New DRSA office is established in Nyagatare. All DRSA commune technicians and ISAR staff are trained in the method of participatory diagnosis of farmer's problems, and in the joint formulation and monitoring of on-field improved technology testing with farmers.</p> <p><i>Agricultural production:</i> Buildings and equipment for six seed multiplication and fertilizer marketing centres are provided. Training and supervision of six farmer's groups is provided in seed multiplication, certification, true labelling of the seeds produced, and assistance in input marketing. Since 12 000 agricultural reactivation packages are distributed to vulnerable households.</p> <p><i>Animal health and production services:</i> All veterinary officers are trained in the project's paraveterinarians programme approach. Up to 400 village paraveterinarians are trained, including women, for treatment of small stock. A workable system is established to sell drugs, vaccines and related consumables to paraveterinarians. On- farm testing of different technologies of fodder production</p>	<p>equipped</p> <p>Domestic water supplies constructed and operational</p> <p>Number of water-users established and trained</p> <p>Master plan produced and quality of the master plan Number of water points constructed</p> <p>Number of CWPUAs established and trained</p> <p>Kilometres of feeder roads constructed</p> <p>Facilities constructed and equipment provided for the ISAR station Number of technicians working for the project Number of people trained and quality of training Number of joint meetings DRSA/ISAR/farmers by season, subjects discussed, quality of farmers' reactions Number of on-farm technology tests carried out</p> <p>Buildings constructed and equipment supplied Number of farmers' groups established trained and initially backstopped. Quantity of seed and fertilizers sold. Seed certified and sold under true label. Price of seed compared with grain prices. Number of packages distributed, transparency of beneficiary selection, number of vulnerable households not receiving packages.</p> <p>Number of people trained and quality of training and backstopping services. Number of women trained on treatment of small stock. The DRSA revolving fund and availability of drugs, vaccines and consumable for the paraveterinarians to buy.</p>		



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>and conservation is carried out. Tests of pasture-improvement methods are undertaken. One animal-training centre, and adapted cart and equipment design are tested, Two pilot cattle markets are constructed.</p> <p><i>Forestry:</i> Follow-up is undertaken of 1 200 ha of trees planted by vulnerable households under the free package distribution programme (10 ha each). A survey is carried out of land suitable for forestry development in the project area. Up to 2 400 ha of commune plantations are established. Up to 40 nursery-farmer's groups are trained.</p> <p><i>Financial services:</i> Up to 150 GRFs are established, adequately organized and structured; bank accounts are opened and farmers' deposits are made. GRF managers are trained in accounting and the management of revolving funds. All GRF accounts are audited annually Matching grants are provided for 150 RF windows. (USD 900 000) and 75 women investment windows (USD 300 000). RFSAs are established, trained and audited</p>	<p>Number and adequate design of tests carried out with farmers on fodder production and conservation and pasture improvement Animal-training facility constructed and equipped Markets constructed, scales installed.</p> <p>Number and adequacy of design of sampling of vulnerable households</p> <p>Survey produced and quality thereof. Hectares of plantation established. Number of nurseries established and of farmers' groups trained.</p> <p>Number of fund advisors and quality of their performance. Number of GRFs established and of GRF managers trained. Amount of matching grants disbursed, typology of GRFs by size and structure and quality of portfolio Number of GRF accounts audited each year Number, type and financial sustainability of women's income-generating projects financed</p> <p>Number of RFSAs established trained and audited; size; structure of ownership; type of products offered to clients; quality of portfolio at the end of the project period; remuneration of managers; allowances for remuneration of auditors; benefits and policy of benefits distribution</p>		
<p>Inputs</p> <p>The services of an international NGO to provide formal and on-the-job training of government staff, commune officers and national NGOs in the project approach and implementation of sub-components applying the project approach.</p> <p>Community facilitators services provided by national NGOs.</p> <p>Women in Development Services provided by a national NGO.</p> <p>Fund advisors services to be provided by a national NGO.</p>	<p>AWP&B of the PCU</p> <p>Service agreements with international and national NGOs</p> <p>Procurement procedures and documentation of the PCU</p> <p>Disbursement of project funds (IFAD/OPEC Development Fund, government counterpart funds, accounts of the GRFs)</p>	<ul style="list-style-type: none"> ▪ Progress reports of the PCU. ▪ Reports of the PCU Monitoring and evaluation officers. ▪ Reports of the cooperating institution supervision missions. ▪ Reports of IFAD supervision missions. ▪ Reports of the phase review and project reorientation missions. 	<ul style="list-style-type: none"> ▪ The Cooperating Institution acts quickly and efficiently. ▪ Availability and timely the release of government counterpart funds are available and released in a timely manner. ▪ International NGO financial support continues throughout the project life as required.



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Funding of all training activities envisaged, including training of 7,000 people, women and child heads of household in functional literacy</p> <p>All the civil works envisaged, including domestic water supplies, cattle water points, DRSA and MINERANA prefecture offices, commune and sector offices, and women's centre buildings, furniture and equipment; feeder roads and road maintenance equipment, stores, stables and fencing for seed multiplication and animal training- centres, the facilities of two pilot cattle markets.</p> <p>Vehicles and related operating costs for the prefecture, the Umutara DRSA, MINERANA, the Ministry of Gender, the Ministry of the Environment, public works units, the ISAR station and the CNUR.</p> <p>Motorcycles for 18 commune technicians, 6 commune development committees and 3 ISAR research officers, and related recurrent costs.</p> <p>Allowances for government staff participating in project activities.</p> <p>Recurrent cost for maintenance of the public infrastructure, except for the water supply to be maintained with revenue from water fees.</p> <p>The services of the ISAR Umutara agriculture research station, including ISAR Headquarters technical backstopping, and of consultancies from international research institutes if required.</p> <p>Some 12 000 agricultural production reactivation packages comprising improved seed, fertilizer and tree seedlings.</p> <p>Funds for establishing and maintaining 2 400 ha of commune plantations until the first exploitation cycle.</p> <p>Matching grants for the GRFs and women's investment windows.</p>			



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Funds to hold the annual sub-component participatory evaluation workshops.</p> <p>The services of the PCU, including one coordinator, one monitoring and evaluation officer, one financial controller and supporting staff, one road engineer to assist with the implementation of the feeder road sub-component, a fund for consultants, the construction of the PCU office and of four residential premises in Nyagatare, office equipment, vehicles, and recurrent costs for ten years</p> <p>Annual audits of the project accounts</p> <p>The services of the PIFU: the IFAD project facilitator, accountant, secretary and the services of a team of accountants/auditors to backstop all IFAD projects in Rwanda.</p>			

PERFORMANCE MONITORING INDICATORS

The following table shows the performance indicators that will be used to trigger the second and third phase of the project.

The phase trigger mechanisms: performance indicators by sub-component		
Performance monitoring indicators		
	Phase 1 (end year 3 of the project)	Phase 2 (end year 7 of the project)
Organization and Management Arrangements		
	<ul style="list-style-type: none"> <input type="checkbox"/> The PCU and the steering committees are established, the PCU personnel recruited and functioning <input type="checkbox"/> The project implementation manual has been drafted and approved <input type="checkbox"/> The construction of the PCU office and houses are completed, furnished, and equipped <input type="checkbox"/> All project vehicles have been procured <input type="checkbox"/> Service agreements with the public agents have been successfully negotiated for all project components. Performance is satisfactory <input type="checkbox"/> All service agreements with the international NGOs have been negotiated. NGOs performance is satisfactory <input type="checkbox"/> Contracts with the national NGOs have been negotiated for all services. NGOs performance is satisfactory <input type="checkbox"/> At least one annual participatory sub-component evaluation workshop has been held for all components 	<ul style="list-style-type: none"> <input type="checkbox"/> The changes in arrangements and procedures eventually recommended by the phase review project reorientation missions are fully implemented <input type="checkbox"/> All annual sub-component participatory evaluation workshops are held. Recommendations are discussed by the national steering committee and are actually taken into account by the PCU in renewing agreements with the service providers
Indicative Targets by Sub-Component		
Community development	<ul style="list-style-type: none"> <input type="checkbox"/> All central government staff of the prefecture and commune, of ISAR, and all the commune CDC members have been trained in the project approach <input type="checkbox"/> The national NGOs providing CFS has been trained <input type="checkbox"/> All staff of the CFS is operational <input type="checkbox"/> The members of at least 100 CDCs have been trained by the CFs <input type="checkbox"/> At least 60 CDCs have implemented PRAs and formulated their CDPs <input type="checkbox"/> At least 60 sells have GRF established and CDF formulated <input type="checkbox"/> The Ministry of Environment has carried out two annual assessments of the environmental impact of the project activities 	<ul style="list-style-type: none"> <input type="checkbox"/> At least 120 CDCs have successfully adopted the project procedures, formulated CDP, budgeted their CDF <input type="checkbox"/> At least 120 sells have established GRFs <input type="checkbox"/> The Ministry of Environment has carried out three annual assessments of the environmental impact of the project activities
Women in Development	<ul style="list-style-type: none"> <input type="checkbox"/> All Ministry of Gender staff at commune level have been appointed and trained <input type="checkbox"/> The 6 women's centres have been constructed and are regularly used <input type="checkbox"/> The NGO providing WID is active <input type="checkbox"/> At least on women's group has been formed in each one of 60 sells <input type="checkbox"/> The NGO providing functional literacy is appointed, and one third of the programme implemented (2 500 trainees) 	<ul style="list-style-type: none"> <input type="checkbox"/> At least 120 women's groups are active and at least half of them have utilized the matching grant facility to fund their agro-processing microprojects <input type="checkbox"/> The functional literacy programme has been completed (12 000 women trained)
Domestic Water Supply	<ul style="list-style-type: none"> <input type="checkbox"/> The feasibility study of gravity-piped scheme has been completed <input type="checkbox"/> If the outcome is positive, the detailed engineering of the scheme has been done, contracts awarded, and construction well under way 	<ul style="list-style-type: none"> <input type="checkbox"/> All water supplies have been constructed and all water committees have been trained and are functioning <input type="checkbox"/> The commercial distribution of handpump spare parts is effectively



APPENDIX IV

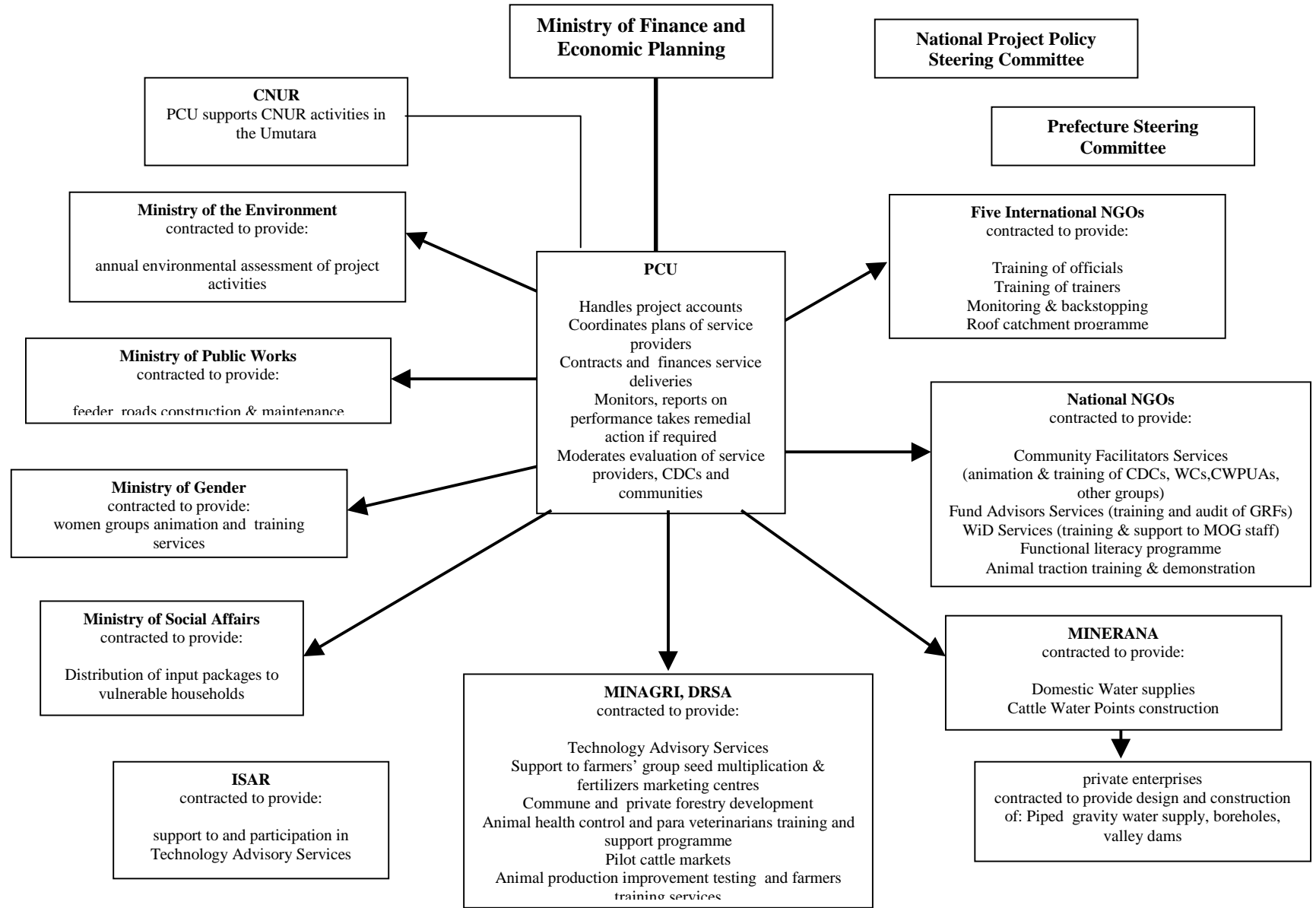
	<ul style="list-style-type: none"> <input type="checkbox"/> The survey of present situation of boreholes in the Umutara has been done, and decision taken about the number and location of boreholes to be drilled, and of roof catchment houses to equip <input type="checkbox"/> All required water committees have been established for the piped water supply <input type="checkbox"/> Water committees have been established, and handpump money paid for 100% of the planned boreholes <input type="checkbox"/> Drilling contracts have been awarded and at least 200 successful boreholes have been equipped <input type="checkbox"/> All well water committees have been trained in pump management and repairs <input type="checkbox"/> A commercial system to distribute handpump spare parts has been started <input type="checkbox"/> The contract with the NGO responsible for the roof catchment programme has been awarded, the necessary artisans trained and at least 1 000 houses equipped 	working in the Umutara
Cattle Water Points	<ul style="list-style-type: none"> <input type="checkbox"/> The Umutara cattle water point master plan has been prepared <input type="checkbox"/> At least half of the CWPUAs have been established and trained <input type="checkbox"/> Existing valley dams have been turned over to CWPUAs <input type="checkbox"/> At least one third of the new water points have been constructed and transferred to CWPUAs 	<ul style="list-style-type: none"> <input type="checkbox"/> Wells and valley dam construction for animal watering have been completed <input type="checkbox"/> All cattle watering points have been transferred to CWPUAs and are effectively managed by the associations
Feeder Roads	<ul style="list-style-type: none"> <input type="checkbox"/> The entire feeder road construction programme has been planned and contracts awarded for construction <input type="checkbox"/> At least 200 km have been commissioned 	<ul style="list-style-type: none"> <input type="checkbox"/> The feeder road programme is completed: all 300 km have been commissioned and are effectively maintained
Technology Advisory services	<ul style="list-style-type: none"> <input type="checkbox"/> The agreement with ISAR has been signed <input type="checkbox"/> The ISAR station has been rehabilitated and equipped and the additional staff have been recruited <input type="checkbox"/> The staff of DRSA and of ISAR have been trained in participatory diagnosis of farmers problems <input type="checkbox"/> Participatory diagnosis meetings have been jointly held by ISAR and DRSA staff in at least half of the sectors and at least three times <input type="checkbox"/> At least 40 technology tests on farmers fields have been initiated, followed by commune agronomists and ISAR research technicians for at least two seasons each <input type="checkbox"/> At least four seed multiplication and fertilizer distribution centres have been established and are functioning <input type="checkbox"/> Improved seeds are marketed at prices 30% higher than commercial grains; production is certified by MINAGRI <input type="checkbox"/> The impact of the improved seed on farmers' crop yields has been verified by actual sample measurements over at least three crop seasons <input type="checkbox"/> Animal traction is used in the seed multiplication farms and its impact has been evaluated 	<ul style="list-style-type: none"> <input type="checkbox"/> The last two seed multiplication centres are operational <input type="checkbox"/> Seed quality control is effectively practised <input type="checkbox"/> Impact of improved seeds on farmers' yields continues to be routinely sampled <input type="checkbox"/> Farmers understand the value of seed certification: true labelling begins to be introduced <input type="checkbox"/> Participatory diagnosis and on-farm technology testing has been routinely practised by DRSA and ISAR in all project communes
Seed multiplication and fertilizer marketing		
Input distribution to vulnerable households	<ul style="list-style-type: none"> <input type="checkbox"/> Ministry of Gender-organized distribution has reached all the 12 000 intended beneficiaries <input type="checkbox"/> The programme impact evaluation has been undertaken 	
Animal health and production services	<ul style="list-style-type: none"> <input type="checkbox"/> The paraveterinarian programme has been defined; farmers groups have been mobilized for nomination of candidates; training done and first two years of operations concluded and evaluated 	<ul style="list-style-type: none"> <input type="checkbox"/> The animal health situation has been brought under control, DRSA Umutara veterinary unit carries out effective controls



APPENDIX IV

	<ul style="list-style-type: none"> <input type="checkbox"/> The paraveterinary service has been extended to small stock, responding to at least 50% of the women's demand <input type="checkbox"/> The drug and vaccine revolving fund is functioning and its value maintained <input type="checkbox"/> The veterinary office equipment has been completed <input type="checkbox"/> The Murambi animal training centre has been constructed, the contract with the NGO responsible for the operation awarded, and the centre has been in operation for at least two years, <input type="checkbox"/> All animals needed by the seed multiplication groups have been trained <input type="checkbox"/> Equipment and carts suitable for the area have been tested <input type="checkbox"/> A programme to test fodder production and conservation and pasture improvement techniques has been formulated, and tests have been initiated in at least 12 sites with farmers participation 	<ul style="list-style-type: none"> <input type="checkbox"/> Women's groups are satisfied with the small stock health services received <input type="checkbox"/> Results from fodder production and conservation and pasture improvement tests have been evaluated with the participating farmers, some spontaneous spreading of the technologies successfully tested is noticeable <input type="checkbox"/> The two pilot cattle markets have been completed and turned over to CWPUAs for management <input type="checkbox"/> A programme for further dissemination of information about the successful technologies has been introduced <input type="checkbox"/> The animal training programme has been evaluated and the activity either privatized, turned over to farmers' groups, or liquidated <input type="checkbox"/> A programme for testing intensive animal production technologies with farmers and herders has been formulated and operations started under this programme
Forestry	<ul style="list-style-type: none"> <input type="checkbox"/> All the commune forest officers have been recruited and trained in project activities <input type="checkbox"/> The forestry master plan of the project area has been formulated <input type="checkbox"/> Each commune has planted at least 150 hectares <input type="checkbox"/> At least 30 private nursery groups have been trained and have produced the seedlings required by the commune plantations and the distribution to vulnerable households 	<ul style="list-style-type: none"> <input type="checkbox"/> The commune plantation programme has been completed <input type="checkbox"/> Commune plantations are properly maintained
Financial Services	<ul style="list-style-type: none"> <input type="checkbox"/> The service agreement with the international NGO for the component is operative <input type="checkbox"/> The national NGO providing land advisory services has been recruited and all the land advisors are at post <input type="checkbox"/> All land advisors have been trained <input type="checkbox"/> At least 40 CDCs have mobilized. Two GRFs, one of which made up of women, have received matching grants <input type="checkbox"/> The women's investment window begins to be utilized <input type="checkbox"/> All GRFs funded have been audited <input type="checkbox"/> The national NGO providing FAS has produced regular progress report and certified the accounts of all active GRFs in time every year 	<ul style="list-style-type: none"> <input type="checkbox"/> GRF have been formed in at least 140 sells <input type="checkbox"/> The performance of the component has been evaluated by an independent specialist in macrofinance institutions <input type="checkbox"/> Non-performing GRF have been dissolved and matching grants recuperated <input type="checkbox"/> Performing GRFs have continued to accumulate savings, begin to lend for other purposes than envisaged by the project with satisfactory loan recovery, appreciate the function of the FAs, understand they will have to pay for the audit service <input type="checkbox"/> Performing GRFs have been informed about the possibility of further development; RFSAs express interest in mergers <input type="checkbox"/> A proposal has been formulated about the management of the RFSAs programme for the next phase.

ORGANIZATIONAL CHART



ENVIRONMENTAL RECOMMENDATIONS AND HOW THEY HAVE BEEN ADDRESSED

RECOMMENDATION	RESPONSE
Commission hydrogeological survey	The cost of the hydrogeological survey is not commensurate to the benefits expected in terms of reduced uncertainty about the yields of boreholes. Data from the Danish International Development Assistance's well-drilling campaign used. Alternative gravity water supply scheme being investigated to reduce number of boreholes.
Prepare comprehensive development plan	Project does not allocate land. Need has been superseded by events.
Commission aerial-photographic survey and topographic maps	Existing 1 50 000 series topographic maps are adequate.
Voluntary livestock de-stocking scheme	The project responds to demand; fencing of pasture land is progressing fast; the CWPUAs will play an important role in limiting livestock to the carrying capacity of their territory, reducing cattle movement.
Akagera NP collaboration	Collaboration foreseen with park officials and with GTZ; participation in the project steering committees.
Conduct detailed survey of Umutara livestock populations	Project provides for 120 000 heads of cattle in the new commune, do not operate in the rest of the Umutara. Survey of livestock number not sufficient to guide government intervention in a dynamic situation.
Target groups	Done.
Access to agricultural inputs	Done.
Address labour shortages	Addressed through several components, GRF scheme.
Diversify revenue-generating activities	
Credit access	
Provide microcredit	
Strengthen extension services	
Environment for small-scale enterprises	Use services IFAD small-scale enterprises project
Community-based land use planning	Community development plans and forestry development master plan envisaged
Indigenous knowledge	Part of participatory diagnosis of farmers' problems and of on-farm technology-testing approach
Integration of crop and livestock production	Included in technology transfer, applied research and animal health and production services
Marketing of hides and skins	AfDB supports Kigali abattoir
Demarcation of cattle routes, watering points	Will be part of CWUPA responsibility, veterinary officers and CF will advise
Dry-season horticulture	See fruit trees, agroforestry
Stakeholder meetings	Project policy: water committees, CWUPAs, GRFs, women's groups, etc
Producer associations	
Animal health	See animal health sub-component
Dairy production collection and marketing	AfDB supports dairy production Incremental project milk production problems to be assessed in four or five years time
Livestock improvement	For second or third phase, when animal health is under control
Rotational grazing	Superseded by size of allotments issued outside of control by project
Recommendation	Response
Alternative energy sources	Forestry sub-component addresses fuelwood scarcity, on-farm agroforestry includes fuelwood
Off-farm income	Roads and water tanks construction GRF scheme provides finance and special subsidy for women's microprojects
Services related to Akagera	Cattle water points sub-component, and collaboration



APPENDIX VI

RECOMMENDATION	RESPONSE
	with park management and GTZ
Comprehensive market strategy for agricultural production, meat, milk and live cattle	Ambitious and premature, left to AfDB
Commune development strategies	Communes plan roads, DRSA staff participate in planning technology services and help with planning vaccination campaigns. Main project strategy is empowering CDCs and farmers associations
Extension to herders	The project supports DRSA livestock services; emphasis on applied research and testing of fodder production and conservation and attempts at improving pasture land
Extension package for soil conservation	See technology advisory services sub-component
Distribution centres for planting materials and seed collection	The project establishes six improved seed multiplication centres
On-farm trials	Essential activity of technology transfer sub-component
Demonstrate forage conservation	Will be part of the animal production sub-component, after necessary on-farm testing
Controlled burning of range	Doubtful recommendation; degraded ranges are improved by burning
Water harvesting	See forest rehabilitation component and rainfall roof catchment scheme for domestic water supply
Livestock breeding programme	See livestock improvement previous table
Agro-silvo-pastoral research	Will be part of the technology advisory service, on an ad hoc applied basis
Rural roads	300 km of feeder roads will have no appreciable impact on the environment
Land use planning	Outside scope of the project: land is already allocated
Institutional arrangements	Main thrust of project design