



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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PLANNED PROJECT ACTIVITIES
2000-2001

Since document EB 2000/69/R.35 was dispatched to Executive Board Directors, three additional projects have reached a sufficiently advanced stage of preparation to warrant inclusion in the Annex A portion of the document. The relevant project summaries are attached.

Region: Eastern and Southern Africa (Africa II)	Country: Kenya
Project Name: Central Kenya Smallholder and Community Services Development Project	Per Capita GNP¹: 330
Project Cost (USD million): 17.0	Population (million)¹: 29.3
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Highly concessional	Cofinancier: Belgian Survival Fund (BSF)
Present Status: Under formulation	Appraising Institution and Loan Administrator: IFAD and the United Nations Office for Project Services (UNOPS)

Project Background and Objectives

Kenya's social indicators of development remain relatively low: the infant mortality rate is 69 per 1000, life expectancy at birth is 55 years and the adult literacy rate is estimated at 75%. Poverty is concentrated in rural areas, where nearly 80% of the population is classified as being below the government-defined poverty line. The proposed project will be the second phase of the BSF-funded Nyeri Dry Areas Smallholder and Community Services Development Project (NDAP). This closed at the end of 1999, with mixed results. A completion evaluation undertaken in late 1998 found substantial accomplishments in terms of the development of a responsive and sustainable primary health-care system. However, the economic dimension left much to be desired, due to the decision taken after a country portfolio review of 1996 to do away with the agricultural and irrigation development component and the Special Financing Facility due to lack of progress. Given the project's impressive results in terms of health, home economics and group capacity to manage resources through cost-sharing, the overall aims of this follow-up project are to introduce measures that will reduce mortality and morbidity and to improve the general well-being of the rural poor in the project areas. More specifically the project aims to: (a) raise food production, income and well-being of beneficiaries through increases in agricultural production and productivity; (b) improve the health of the population through cost-effective primary health care, the provision of safe drinking water and the promotion of improved sanitation; (c) strengthen the institutional capacity of project districts to plan, implement and monitor development processes; and (d) promote beneficiary participation in the planning and implementation of rural development projects.

Project Beneficiaries

The target group has been defined as those sections of the population most at risk from hunger, malnutrition, ill health and a generally low quality of life. The at-risk group includes the landless and those with limited clean water and lack of access to health and education facilities. NDAP was implemented in two divisions of the Nyeri District, covering about 10 000 households. The second phase will take place in carefully selected drought-affected locations in the arid and semi-arid lands (ASALs) of the Central Province. This area is likely to include sub-locations in five districts, including a further area in the Nyeri District. While the extent of coverage is still being determined, it is presently estimated that about 25 000 households will benefit from project interventions. The project design directs benefits particularly to women and children through the health interventions. In

¹ 1998 data; GNP in United States dollars.

² The external financier who, at the request of the government, takes the lead in project design, preappraisal processing and the mobilization of external resources.



addition, increased emphasis on improving on and off-farm activities is intended to further support and diversify income sources for women.

Project Components

(a) Health, Nutrition and Sanitation

The component aims to promote the primary health-care system, first by assisting with the construction, rehabilitation and/or upgrading of community health centres, dispensaries and pharmacies and, second, by training and supporting a cadre of local village health workers. In addition, local health messages concerning nutrition and sanitation will be disseminated through this system, and the project will provide for the development of kitchen gardens, the keeping of small livestock and the construction of latrines. The health facilities will be managed on a cost-sharing basis by local groups, although the Government of Kenya will provide trained staff and regular drug packages. The district health management teams and health information systems will be further developed to improve planning and data collection.

(b) Domestic Water Supplies

In the ASAL areas the sustainable supply of domestic water is often given the highest priority by rural village communities, and this is an important adjunct to improving health status. The project will fund the development of piped river diversion schemes, shallow wells and/or roof catchments, as appropriate to local circumstances. These will be operated and maintained by local water user groups.

(c) Crop and Livestock Development

The aim of this component is to support more-appropriate smallholder farming systems in the ASAL areas, where crop failures are frequent and there are periods of food insecurity. Emphasis will be placed on the use of drought-resistant crops to replace or supplement the traditional maize/beans rotation. This will be complemented by programmes to promote small livestock and poultry. The project will support government extension activities, but will also seek to introduce more from NGOs and the private sector, for which farmers will be expected to contribute.

(d) Institutional Support

The project will support capacity-building within the implementing agencies in order to enhance their ability to undertake project-funded activities, especially at the district level. In addition, funds will be provided for project management, coordination and monitoring-and-evaluation (M&E).

(e) Group Development

Beneficiaries will access project resources through registered groups and community-based organizations (CBOs). Support will be provided to all stages of community mobilization, sensitization for community planning, development of group dynamics, and technical training for income-generating activities and credit mechanisms. This intervention should provide the basis for a continuing development process. Funds will be channelled both to the government agency concerned and to NGOs and other training organizations able to contribute to this process.

(f) Rural Credit and Special Financing Facility

The project will support the development of rural credit systems through CBOs and NGOs. Although a number of credit organizations are working in urban and peri-urban areas, they have not been able to extend their services to more remote rural areas. To this end, the project will: (i) carefully



develop local capacity in the communities to absorb and administer credit; and (ii) identify a suitable conduit for channelling loan funds from government to intermediate credit agencies. Appropriate and viable income-generating activities will also be promoted, especially for women. The Special Financing Facility will provide for community-based infrastructure and other activities in support of an integrated development approach; these funds will be provided in the form of grants for specified activities.

Project Implementation

The implementation method used in all IFAD projects in Kenya is the “district focus for rural development”, which provides a framework for promoting broad-based, integrated participatory rural development at the district level. Overall coordination of the project will rest with the Ministry of Finance and Planning. Implementation will be the responsibility of a number of government agencies and CBOs/NGOs, with activities being coordinated at the district level by district and sub-district development committees involving strong beneficiary participation.

Important Features

The project design links economic and social interventions through cost-sharing. This will help realize government policy and will give beneficiaries partial responsibility for the operation and maintenance of the facilities developed. It will also ensure that access to social infrastructure is open to the poorest groups, which have greatest need of such facilities. Experience from NDAP showed that when local groups own and manage such facilities, it can lead to strengthening of the groups and can be a platform for further development activities. IFAD will finance agricultural production activities, extension and adaptive research and the Special Financing Facility for credit to economic and social activities. A BSF grant will fund institutional support, primary health care, domestic water supply and group development.

Main Issues

During formulation/appraisal of the project, the following issues will be addressed: (a) agreement on the opening of special accounts in the districts, and streamlining of flow-of-funds mechanisms, including timely preparation and submission of withdrawal applications and submission of audit reports; (b) agreement on the arrangements for a subsidiary loan agreement to facilitate the inclusion of credit funds in the project and the distribution of credit via organizations outside of the Government; (c) clarification of government policy on staff allowances payable through the project, if any; and (d) assurances regarding the level of authority of the Project Management Unit (PMU), to ensure that it can be effective.

Previous IFAD Operations

IFAD has supported development in Kenya for over 20 years and has funded nine projects (four cofinanced and five IFAD-initiated) for a total of SDR 38.9 million. Two of these projects were financed through the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. Three projects are currently under implementation. In addition, three BSF grants were provided for a total of BEF 415 017 829 (NDAP accounted for BEF 110 000 000 or approximately USD 4.29 million). In addition, an NGO/ECP grant of USD 75 000 was made by IFAD to the Kenya Women’s Finance Trust. The African Medical Research Foundation also benefited from an NGO grant of USD 70 000.

Region: Eastern and Southern Africa (Africa II)	Country: Lesotho
Programme Name: Sustainable Agriculture and Natural Resource Management Programme	Per Capita GNP¹: 570
Programme Cost (USD million): 11.4	Population (million)¹: 2.1
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Highly concessional	Cofinancier: Discussions ongoing with Irish Aid
Present Status: Formulation completed	Appraising Institution and Loan Administrator: IFAD and UNOPS

Programme Objectives

More than 85% of Lesotho's population lives in the rural areas and approximately 55% thereof depend on agriculture as their primary or secondary source of income. However, the contribution of agriculture to GDP has continued to decline from about 30% in 1970 to approximately 11% in 1997³. The decline in agricultural production and productivity, coupled with the continued retrenchment of migrant miners from South Africa, has aggravated the incidence and severity of poverty among rural households. The primary objective of the programme is to improve household food security and family nutrition by supporting investments geared to increase the profitability and long-term sustainability of smallholder agriculture. To this end, the programme will: (a) promote improved land and water use and management practices; (b) enhance the effective delivery of core agricultural support services that are more responsive to the needs and priorities of smallholder farmers; (c) promote the adoption of improved and ecologically sound crop and livestock production technologies; (d) strengthen the institutional capacity of the decentralized district administrations; and (e) promote and secure meaningful beneficiary participation in programme planning and implementation.

Programme Beneficiaries

The programme area consists of three of Lesotho's ten administrative districts, namely Quthing, Mohale's Hoek and Mafeteng, located in the south-western part of the country. The three districts are characterized by severe land degradation and a high proportion of poor and ultra-poor households, with low incomes and limited opportunities for off-farm wage employment. The target group represents about 95 000 households or 88% of all households in the three districts. About 60% are unable to produce enough from their small landholdings to meet the food requirements of their families throughout the year⁴. The programme will directly benefit approximately 18 000 rural households (or 19% of all households in the three districts) that can be classified as either landless without wage employment, or small-scale, subsistence, below subsistence or backyard farmers depending on the size of the landholding and livestock ownership. Average landholding among beneficiaries is less than 2 ha, with three head of cattle or a herd of 10-25 sheep or goats. About 30% of the beneficiaries are *de jure* woman-headed households.

³ 1999 World Development Indicators.

⁴ According to a recent socio-economic and production systems study (SEPSS).



Programme Components

(a) Agricultural Support Services

Support will be provided for: (i) crop intensification and diversification, including small-scale irrigation and back-yard gardens; (ii) improved livestock production, including better animal health, husbandry and nutrition, stock theft control, improved marketing of livestock products and rangeland management; (iii) improved agricultural research, especially at the farm level; and (iv) extension strengthening within the planned unified extension system (UES)

(b) Land and Water Management

This component aims to improve land and water use and management in support of increased agricultural production and productivity. To this end, the programme will: (i) encourage communities, as part of the community participatory planning (CPP) process, to develop land-use plans that are generally accepted, learn about biological conservation techniques, water harvesting and retention measures, small-scale irrigation systems, in-field erosion control measures, and diversion and cut-off structures; (ii) pilot the development of essential social and rural infrastructure, primarily as an added incentive to those communities that demonstrate a keen commitment to implementing sound land and water use and management plans; and (iii) undertake a baseline survey to firm up data on the current scope and scale of land degradation in the three districts.

(c) Local Capacity-Building

Consistent with the Agricultural Sector Investment Programme (ASIP), the programme will strengthen the institutional capacity of the project implementation agencies – particularly at the district and local levels – to plan, implement, monitor and evaluate public investment programmes, including the institutional capacity of CBOs and NGOs. The programme will support district agricultural officers, Ministry of Agriculture, Cooperatives and Land Reclamation (MOA) programme coordination and M&E functions, and district sub-accountancies.

Programme Implementation

In line with the decentralization policy, this six-year programme will be implemented primarily by the district and local government administrations, in partnership with CBOs and NGOs. However, MOA will have overall responsibility for programme coordination, implementation and management. To this end, the principal secretary (MOA) will be assisted by a programme steering committee consisting of key staff from the Ministries of Finance, Development Planning, Local Government, Environment, Gender and Youth Affairs. A programme review committee will review the quarterly progress of implementation and resolve any outstanding interdepartmental issues. A programme coordinator will report to the director of the Department of Economic Planning and Policy Analysis.

Important Features

The programme furthers IFAD's country strategy, which emphasizes the need to focus on development initiatives having the greatest potential to improve food security and reduce malnutrition among rural households, particularly households that are *de jure* headed by women. It promotes development initiatives geared to eradicating rural poverty, with due attention to sustainable natural resource use and management. The CPP process approach will be promoted as a basis for identifying the needs and priorities of rural households, as this is considered critical to the success and sustainability of investments. The programme will enable IFAD to influence the direction of ASIP so that it may respond better to the needs and priorities of poor rural households through, *inter alia*, the efficient and effective delivery of core agricultural support services. The programme will promote the



adoption of ecologically sound and improved production technologies such as the Machobane Farming System. In line with Lesotho's recent decentralization policy, the programme will strengthen the institutional capacity of district administrations, CBOs and NGOs.

Main Issues

During appraisal, the following issues will be addressed: (a) ensure that programme activities complement and dovetail with the ASIP and the International Development Association (IDA)-led Agricultural Policy and Capacity-Building Project; (b) firm up programme implementation and management arrangements, as well as cofinancing arrangements for complementary social infrastructure; (c) further examine the role of the private sector, including CBOs, in the delivery of core support services, particularly veterinary services; (d) ensure the establishment of a comprehensive and harmonious M&E system; (e) further examine the absorptive capacity of local markets for the incremental production, bearing in mind the competition from South African producers; (f) examine practical ways of improving the CPP process; and (g) consider measures for enhancing the rights of women to land, livestock control and ownership.

Previous IFAD Operations

So far, Lesotho has been assisted with five projects for a total of SDR 22.17 million. Of these, two were financed through the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. Two projects are currently under implementation.



Region: Latin America and the Caribbean	Country: Venezuela
Project Name: Agro-Industrial Chains Development Project in the Barlovento Region	Per Capita GNP¹: 3 500
Project Cost (USD million): 19.0	Population (million)¹: 23.2
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Ordinary	Cofinancier: none
Present Status: Formulation completed	Appraising Institution and Loan Administrator: IFAD and the Andean Development Corporation (CAF)

Project Objectives

Due to the country's systematic economic decline, the incidence of rural poverty has risen constantly over the last two decades⁵. Quality of food intake has also seriously deteriorated during the present decade⁶. The proposed project will be located in the Barlovento region of the State of Miranda in the north. As a result of long-standing social exclusion, it is mostly a backward and marginalized rural zone and suffers from a high poverty level and marked deficiencies in public services. Seventy-eight per cent of the region's rural households have incomes below the poverty line. The area was struck by the recent disastrous rains, causing significant damage to infrastructure and crops. Against this background, the overall goal of the proposed project is to sustainably improve the economic and social conditions of poor small farmers. The project's general objective is to improve productive, social and organizational management capabilities of beneficiary families in order to achieve efficient and integral links to local and national markets and manage productive activities efficiently and sustainably in agriculture, microenterprise and marketing. Specifically, the project will seek to: (a) develop and strengthen human resources and local productive organizations; (b) improve and intensify on-farm production, productivity and marketing of new cash crops and traditional, local permanent crops, and also improve subsistence crops to promote food security and better nutritional levels; (c) promote the rational use and conservation of local natural resources; (d) strengthen production, transformation and marketing links; (e) consolidate rural development processes at the state and municipal level by improving the organizational participation capacities of beneficiaries and rural communities; and (f) promote a gender-balanced approach to project activities.

Project Beneficiaries

The target group will consist of 14 000 poor rural families, encompassing small farmers with less than 5 ha of productive land – of which about 6 500 are agrarian reform beneficiaries – and 3 000 landless rural dwellers, women and a few men devoted to small-scale processing of agricultural products. Approximately 9 500 rural poor families, of which 50% are of African origin, will directly benefit from project interventions.

⁵ Agricultural Census. Ministry of Agriculture. 1997, Caracas, Venezuela.

⁶ According to data provided by FAO in 1998.



Project Components

(a) Training and Organization

The aim will be to develop and strengthen beneficiaries' entrepreneurial and organizational management skills, as well as their capacity to participate in local rural development actions. General and specialized training will be provided to staff of the PMU and contracted institutions, beneficiaries' organizations/groups and second-level organizations. Gender training will also be conducted at all levels. A social development fund will be established to provide seed money to promote state and municipal participation in social projects selected by grass-roots beneficiary organizations.

(b) Sustainable Agricultural Development

Support will be provided to promote an innovative, efficient and participatory demand-led extension service. This will be achieved through the following activities: (i) technology generation and validation through the provision of systematic information on technologies for selected marketable agricultural products, cacao and traditional cash crops, as well as subsistence crops, and on-farm testing and validation of these technologies with beneficiaries' cooperation; (ii) promotion of extension and technical assistance services. Rural women will be trained in the backyard production of highly nutritious crops; and (iii) establishment of a productive investment fund to support small family/community productive investments by the poorest families/communities.

(c) Development of Agro-Industrial Chains

The project will: (i) develop and strengthen five agro-industrial chains, including cacao for export and national markets and citrus, banana and tropical roots for the Caracas market; and (ii) foster the development of small, rural processing industries devoted to fruits, vegetables and cacao. Marketing and microenterprise development will also be supported through the provision of training and technical assistance services. Through an investment fund, the project will finance marketing and microenterprise investments on a risk-sharing basis, establishing ad hoc contracts with beneficiaries.

(d) Local Rural Financial Services

Funds will be provided to: (i) promote the development of local savings and loan organizations through the provision of training and technical assistance to interested groups of beneficiaries. This component will build on the lessons learned and validated methodologies of the Economic Development of Poor Rural Communities Project (PRODECOP); and (ii) establish a support fund to strengthen local financial organizations with equity capital through appropriate mechanisms.

Project Implementation

This six-year project will be implemented under the overall responsibility of the Ministry of Production and Commerce (MPC), through the Vice Ministry of Agriculture. A project directive committee chaired by the Under Secretary of Agriculture of MPC will approve/supervise annual work plans and budgets. An autonomous PMU consisting of a project director and four component coordinators will be established in the project area. An institutional methodological coordination committee will be formed to systematize and coordinate the application of rural development and poverty alleviation strategies and methodologies. National, state and local consulting enterprises, professional groups, private and government foundations, NGOs, etc., will participate as contracted agents to provide training and productive support services to beneficiaries.



Important Features

The project is in line with IFAD's strategy and will support the Government's rural development, poverty alleviation and decentralization policies. An important feature is the use of a productive, transformative and marketing-chain approach as the central thrust for the development of small-farmer agricultural production systems and the improvement of family income. Project interventions will also promote food security within the family and better nutritional levels. The project will provide equal opportunities and full participation/access of women to all of the project's productive aspects. In promoting gender equality, the project will build on the experiences gained through the Programme for Strengthening Gender Aspects in IFAD Projects (PROSGIP).

Main Issues

During appraisal, the following issues will be addressed: (a) a proactive stand on nutritional issues, will involve design of a set of activities to improve the nutritional status of the beneficiaries and identification of appropriate operators; (b) the balance between the sustainable-agricultural and agro-industrial-chains development components will be reviewed in relation to beneficiaries' strategies, demands and capacities, while budget allocation flexibility will be provided, coupled with strong monitoring mechanisms; (c) operational procedures and financing criteria of the funds to be established under the above components will be clarified; (d) alternative marketing strategies for cacao producers will be devised; (e) local financial institutions will be strengthened through appropriate mechanisms and assisted in networking; (f) land titling processes will be supported; and (g) possible collaboration with a new phase of the World Bank-financed Agricultural Extension Programme (PREA) will be explored, as well as interaction with Italian Cooperation emergency aid in the Barlovento region. Finally, an in-depth participatory socio-economic study will be undertaken after appraisal.

Previous IFAD Operations

To date, three projects have been financed for a total of SDR 27.4 million. Two projects are currently under implementation.