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

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

(a) Annex A

Annex A is a vehicle for bringing before the Board a summary of available information on projects that have reached an advanced stage of design, and are thus likely to be presented at one of the Board’s forthcoming sessions. Since the comments of Executive Board members on project summaries presented in Annex A are obtained at the session at which the relevant document is considered, such project summaries are not included in the Annex A portion of the document or of a previous document, and projects that are being presented to the Board for approval at the same session. Thus, Annex B provides a list, for ready reference, of all projects in the pipeline.
(c) **Annex C**

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

(d) **Annex D**

Annex D provides brief descriptions of technical assistance grants under the Special Operations Facility (SOF) that have been approved by the President, pursuant to the authority delegated to him by the Executive Board.\(^1\)

(e) **Annex E**

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

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

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

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\(^1\) Descriptions of any technical assistance grants approved by the President since the Board’s last session will be tabled at the current session.
Region: Western and Central Africa (Africa I)  
Countries: Senegal

Project Name: Village Organization and Management Project – Phase II (POGV II)

Per Capita GNP\(^1\): 530

Project Cost (USD million): 11.0

Population (million)\(^1\): 9.0

IFAD Loan (USD million): To be determined

Leading External Financier\(^2\): IFAD

Proposed Terms: Highly concessional

Cofinanciers: West African Development Bank (BOAD)

Present Status: Under formulation

Appraising Institution and Loan Administrator: IFAD and BOAD

### Project Objectives

Senegal’s Groundnut Basin, where the proposed project area is located, has suffered over the past few decades from decreasing and erratic annual rainfall, reduction of ground cover and soil erosion. These factors, combined with declining world prices for the main cash crop (groundnuts), increased farm input prices and the degradation in the coverage and quality of farm-support services, worsened the poverty situation in the project area. The first phase of the project already responded to this critical situation by assisting more than 400 village communities through measures aimed at improving soil fertility, erosion control and diversification of farm and non-farm incomes. The proposed second phase of the Village Organization and Management Project (POGV II) aims at consolidating and broadening support activities initiated, tested and improved under the first POGV. The project’s overall goal will be to improve the incomes and living conditions of the most disadvantaged of the rural population in the area in a sustainable manner. To achieve this, the project will seek to: (i) enhance the natural resource base through capacity-building of village-based, grass-roots organizations responsible for the design and implementation of their local development programmes; and (ii) promote economically and environmentally sustainable farm and non-farm income-generating activities for the rural poor.

### Project Beneficiaries

The project will cover all villages in 13 rural communes from the Fatick, Kaolack and Thies regions. According to the 1995 poverty assessment, the incidence of poverty in these areas is in the range of 47 to 49%. The total population in the area is estimated at about 223 000 inhabitants, while the target group will consist of approximately 20 000 small farm families (with 2-5 ha plots) that account for about 90% of rural households in the area. In view of large male outmigration, women contribute substantially to income generation, and should play an important role both as major recipients of project support and as key actors in its implementation. Youths will be the other major target group, as they have limited access to land and financial services.

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\(^1\) 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.
Project Components

(a) Support to village organizations and natural resource management activities

This component will provide support to: (i) consolidate village development committees (VDCs) established under Phase I; (ii) establish and consolidate VDCs in the 13 targeted rural communes (CRs); (iii) fund erosion control works as prioritized by the VDCs; and (iv) establish effective linkages with the National Rural Infrastructure Project (NRIP) and other funding sources to help villages address their priority needs for basic social and access road infrastructures.

(b) Support to farm and non-farm income-generating activities

This component will: (i) establish and consolidate, on demand, economic interest groups (GIEs) willing to engage in proven profitable economic activities; (ii) provide marketing support to established GIEs, through assessments of market opportunities and linkages with potential buyers and suppliers; (iii) assist established GIEs and other small rural enterprises to facilitate access to short and medium-term financing; (iv) provide technical and managerial support to established GIEs and other small rural enterprises engaged in both farm and on-farm income-generating activities; and (v) provide matched funding for environmental protection of individual small farms (embocagement).

(c) Project coordination, monitoring and evaluation (M&E)

Support will be provided for: (i) project coordination, oversight and financial management, including the establishment and operation of a project coordination unit (PCU); and (ii) the establishment and operation of an effective M&E system.

Project Implementation

This six-year project will be implemented under the overall responsibility of the Ministry of Agriculture. Implementation will be based on existing public and private institutions through framework arrangements and/or contractual arrangements. Day-to-day management and coordination will be ensured by a very light PCU to be established by the project. A project steering committee (PSC), which will include beneficiary representatives, will be responsible for overall orientation and for ex-post review of progress towards objectives. The project will be complementary to NRIP interventions. Coordination between the two projects will be ensured through a framework agreement to be prepared under a NRIP-related Special Operations Facility (SOF) grant.

Important Features

In line with the strategy spelled out in the Country Strategic Opportunities Paper (COSOP), the proposed phase two project will permit the consolidation of successful IFAD investment in rural areas of the Groundnut Basin. In addition, POGV II will support the Government’s decentralization policy in rural areas and will complement the World Bank-initiated NRIP, which is being cofinanced by IFAD (the project was approved in December 1999). While NRIP will focus on the capacity-building of local governments (rural communes), POGV II will target village-level community and private-sector organizations, not only to help them address village-level development issues, but to assist them in becoming key interlocutors of the rural communes that NRIP supports.

Main Issues

During formulation, the following issues will be addressed: (i) differentiate project interventions by types of grass-roots institutions according to the nature of support, public goods and services (VDCs and CRs) versus private goods and services (GIEs), and to the social and/or spatial
magnitude of development issues to be addressed; (ii) ensure complementarity between POGV II and 
NRIP; (iii) take into account the need for support to both production and marketing, to be provided as 
demand-driven services; and (iv) examine the need for a separate, rural financial services component.

Previous IFAD Operations

To date, IFAD has financed a total of nine projects (two cofinanced and seven IFAD-initiated) 
for a total amount of SDR 56.55 million. Of these, four projects were financed through the Special 
Programme for Sub-Saharan African Countries Affected by Drought and Desertification for a total of 
SDR 24.25 million (one was jointly financed with the Regular Programme). Four projects are 
currently under implementation. The World Bank-initiated NRIP, cofinanced by IFAD, is expected to 
become effective on 23 May 2000.
**Project Objectives**

Pakistan has enjoyed one of the fastest growth rates in South Asia for the last fifty years, but its rapid economic growth has not translated into concrete poverty alleviation. Despite improvements in the country’s social conditions, the number of absolute poor has increased since 1960: it is estimated that 42 million people live below the poverty line. The South Federally Administered Tribal Areas (FATA) is one of the poorest areas in terms of resource endowments, physical and social infrastructure, and human resources. It is a food-deficit region and falls behind the rest of the country in almost all socio-economic indicators. Due to its climatic conditions and remoteness, FATA has benefited only marginally from development activities and donor support. Against this background, the objectives of the proposed project will be: (i) to improve the household food security of vulnerable rural families and the living conditions of the rural poor; (ii) to boost farm family incomes; and (iii) to contribute to the empowerment of rural communities by strengthening their capacity to manage and develop their productive resources in a sustainable manner. Secondary objectives are to enhance the status of rural women, thereby increasing their involvement in the development processes, and to improve the technical and infrastructure services to poor rural families as a necessary condition for poverty alleviation.

**Project Beneficiaries**

Project interventions will focus on three agencies (districts) of the southern and central part of FATA (Kurram, North Waziristan and South Waziristan). These agencies fall within the poorest 10% of all districts and agencies in Pakistan. The area has a population of about 1.1 million and is characterized by a strong tribal structure. The project will target about 60,000 households (44% of the total households in the project area), with a special emphasis on women. Key socio-economic indicators reveal the particular vulnerability of rural women in FATA. The target group will consist chiefly of small farmers, landless farm labourers, tenant/share croppers and those engaged in rural off-farm occupations. Women will benefit from water-supply development and income-generating activities.

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4 According to poverty rankings made by the World Food Programme (WFP) in 1998.
Project Components

(a) Women and community development

Support will be provided to address the immediate needs of poor rural women and their families as they perceive them, including beneficiary skill enhancement for income-generating activities; and the mobilization of the rural communities to create a capacity and grass-roots capability to have access to technical, social and infrastructure services provided by the project. Financing will also be provided for the establishment of a community development fund that will support emergent local demands and initiatives that are important for poor rural women. These include improved drinking water supplies, social forestry, fuel wood and community facilities.

(b) Agricultural and livestock development

Support will be provided for: (i) cattle and dairy goat improvement linked to improved processing and the use of crops and by-products, selection and training of volunteer village veterinary and agricultural workers (of whom 50% will be women), and reorienting livestock and crop demonstration activities to emphasize husbandry improvements, including water management; (ii) the promotion of alternative horticultural crops and crop-variety introductions; (iii) the development of environmentally friendly pest and disease control required for vegetable and fruit crops; (iv) participatory research, including the testing of crop husbandry improvements against farmer methods; (v) rationalizing and improving water use efficiency; (vi) local seed multiplication by selected farmers or groups to ensure the availability of good quality seed; and (vii) retraining Department of Livestock and Dairy Development (DLDD) staff of the agencies, as well as the agricultural extension staff.

(c) Irrigation development

The aim of the component will be to increase the availability of irrigation facilities and reduce water losses. To this end, the component will support: (i) the development of new schemes (approximately 2,538 ha) through the reclamation of undeveloped plains and unexploited perennial springs/streems; and (ii) the rehabilitation of existing schemes (approximately 6,945 ha), including small-scale schemes on perennial streams and springs, medium to large irrigation schemes on larger perennial streams, tubewell schemes and dug-well schemes and karez-systems.

(d) Improved rural road access

Support will be provided to improve farm-to-market roads and link roads for village communities under participatory arrangements.

(e) Rural financial services

Based on the experience gained in the IFAD-supported Neelum and Jhelum Valleys Community Development Project, the project will provide: (i) short-term credit for seasonal crop and livestock production needs, trading and microenterprises; (ii) medium-term credit for farm machinery, pumps and motors, as well as tree crop establishment, nurseries and microenterprises; and (iii) income-generating activities, with emphasis on rural women, for household, non-farm and farm activities. The project will also finance pre-credit training for groupings in management, savings, accounting and capacity-building and institutional strengthening for the Bank of Khyber.
(f) Support for project implementation

The component will finance the establishment, staffing and operation of a project coordination unit (PCU) at provincial level and three project management units (PMUs) in each of the three agencies.

Project Implementation

The project will be implemented over a six and a half-year period and the overall responsibility will be with the Planning, Environment and Development Department (PE&D) of the Government of North West Frontier Province, on behalf of the Ministry of Kashmir Affairs, Northern Areas, States and Frontier Regions (KANASAFRON). The PCU will be established within the PE&D’s special development unit (SDU). Management of activities will be decentralized at the agency level, where a small PMU will be established in each of the three agencies. A PCU will be responsible for project coordination at the provincial level. Coordination with line departments will be ensured by a project review board, with the political agent coordinating at the agency level.

Important Features

The project constitutes the first major, broad-based, multilaterally financed area development project in the South FATA. The project will base its intervention on active community participation. It will operate through jirga and community organizations (and women’s organizations) to select priority infrastructure and development activities, in collaboration with the beneficiaries, who are expected to contribute to the investment cost and to take over responsibility for the operation and maintenance (O&M) of investments (i.e. irrigation schemes, water supply, etc.). The participatory rural appraisal (PRA) will be utilized to determine beneficiary needs and to provide the basis for planning and implementation of project activities. Close coordination will be established with the Social Action Programme to broaden project impact on rural households by integrating primary healthcare, primary education and sanitation efforts. Participatory monitoring will be carried out at three levels, i.e., the beneficiary, agency/management and the PCU/SDU for external monitoring and reporting.

Main Issues

During appraisal, the following issues will be addressed: (i) to elaborate the credit delivery system, taking into account the experience of Neelum and Jhelum Valleys Community Development Project; (ii) refine the specific arrangements for O&M of the irrigation works and rural infrastructure to be developed under the project; and (iii) finalize implementation arrangements.

Previous IFAD Operations

IFAD has so far approved 16 projects (five cofinanced and eleven IFAD-initiated) for a total of SDR 174.38 million. Six projects are currently under implementation.
Region: Asia and the Pacific

Country: Philippines

Project Name: Northern Mindanao Project for Coastal and Uplands Development

Per capita GNP\(^1\): 1 050 (USD 1 010 is 1999 provisional figure)

Project Cost (USD million): 20.0

Population (million)\(^1\): 75.1

IFAD Loan (USD million): To be determined

Leading External Financier\(^2\): IFAD

Proposed Terms: Highly concessional

Cofinanciers: Discussions ongoing with the Asian Development Bank (AsDB), the Overseas Economic Cooperation Fund (OECF) (Japan), the Australian Agency for International Development (AusAID) and the German Agency for Technical Cooperation (GTZ). Possibility of partnership with existing projects in the areas is also being explored.

Present Status: Formulation completed

Appraising Institution and Loan Administrator: IFAD and to be determined

Project Objectives

Poverty in The Philippines is predominantly a rural (including coastal) problem, with the poor making up about 44% of the rural population and accounting for nearly two-thirds of the country’s poor. Northern Mindanao and Caraga are among the most depressed and deprived regions in The Philippines. It is estimated that 500 000 households live in poverty and are barely able to meet minimum food and non-food needs. The poor are overwhelmingly found in rural areas and coastal and upland locations. The overall goal of the proposed project will be to raise, in a sustainable manner, the standard of living of some 54 100 farm and fishing households in some of the poorest provinces of Mindanao (Regions X and XIII). The main objectives will be to improve household food security and raise incomes above the poverty level. Specifically, the project will support: (i) urgent local investments in infrastructure and resource conservation; (ii) provision of more effective services; and (iii) productive, commercial and social subprojects responsive to the needs of the coastal and upland communities.

Project Beneficiaries

The first priority target areas will be located in the six provinces of Regions X and XIII covering approximately 179 barangays (subdistricts). A second priority project area, covering 45 barangays, could be considered eligible for project assistance, provided they meet the eligibility criteria. Social forestry and agrarian reform communities will be part of the target group. Overall, the priority target groups number 54 100 households (approximately 284 500 people), of which 30 100 are principally upland agricultural, with an estimated 30% of these being families of indigenous peoples. They are among the poorest and most disadvantaged social groups in the country; 24 000 are coastal households, for which the income sources are fishing and a certain amount of farming, depending on land availability and quality. The household annual income of coastal communities remains well below the national poverty line of USD 1 496 (PHP 60 000).
Project Components

(a) Local organizations development

The component aims at increasing the number of well-functioning community organizations and the capacity of local government. To this end, support will be made available to: (i) strengthen existing organizations and institutions, such as farmer groups, associations and cooperatives, and to build and support new ones; (ii) provide organizational, technical and managerial expertise to supplement local organization capabilities; and (iii) develop channels for delivery of the necessary services directly to beneficiaries.

(b) Resource and environmental management

Support will be provided to test and bring in new agricultural, fisheries and natural resource management concepts. The project will finance two subcomponents: (i) land resource management, covering farm/agroforestry systems development, improved extension, research and demonstration, watershed management and market-orientation of production; and (ii) fisheries resource management supporting fisheries, processing, aquaculture demonstration, enhanced extension and promotion and funding assistance to resource protection.

(c) Infrastructure

Financing will be provided for the construction/rehabilitation of crucial farm-to-market roads; social/communal infrastructure (potable water, community buildings, electrification); and production and marketing facilities (small-scale irrigation and marketing infrastructure).

(d) Enterprise and marketing development

The project will support: (i) commercialization of farm and fisheries enterprises covering linkage and business aspects; (ii) the provision of business advisory services, including advice, training, planning and feasibility/market studies; and (iii) rural finance and enterprise credit, including the provision of credit, active financial intermediation, group savings promotion for farm, fisheries and income-generation purposes.

(e) Project implementation

Financing will be provided for the establishment of the project executive and the provision of services and resources.

Project Implementation

This six-year project will be implemented under the overall responsibility of the Department of Finance (DOF). The Executive Director of the Municipal Development Fund Office (MDFO) will be the project director, to whom the project management office (PMO) will be answerable. The project director will be responsible for project affairs to a national interdepartmental advisory body. The project executive group will directly respond to the project director. The PMO will be based in Butuan City and the three site operating units will be located in strategic areas. Other major line agencies will be involved in implementation. Local government units (LGUs) at Barangay and at the municipal and provincial levels will actively participate; community participation will be ensured through the involvement of non-governmental organizations (NGOs) and people’s organizations. Private, commercial, professional and academic sectors will be involved in providing services, equipment and supplies.
Important Features

The project not only builds upon the positive experience gained with the Western Mindanao Community Initiatives Project, but is the second project in The Philippines that has been identified and formulated within an intensely consultative and participatory process involving the Government, line departments, LGUs, NGOs, the beneficiaries, the private sector and other donor/project stakeholders. Moreover, a consultative workshop was held in Cagayan de Oro in 1999. The project will contribute to resolving problems associated with decentralization and devolution to LGUs, the latter being among the principal recipients of project resources. To ensure project effectiveness, the maximum use of existing knowledge, resources and expertise, including the labour and skills of local people, will be made.

Main Issues

During appraisal, the following issues will be addressed: (i) investigating project scope, including the scale, number and complexity of the project’s interventions in view of limited institutional capacity; (ii) examining indigenous people’s land rights on public land and determining the project’s eventual support; (iii) ensuring that adequate attention is accorded to the management of fishery resources in the coastal project areas; (iv) finalizing infrastructure maintenance arrangements, in consultation with project communities; and (v) assessing existing mechanisms of coordination and how IFAD relates to other donor-funded projects.

Previous IFAD Operations

To date, IFAD has financed eight projects (four cofinanced and four IFAD-initiated), for a total of SDR 63.75 million. Three projects are currently under implementation.
<table>
<thead>
<tr>
<th><strong>Region:</strong> Latin America and the Caribbean</th>
<th><strong>Countries:</strong> Bolivia</th>
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<tbody>
<tr>
<td><strong>Project Name:</strong> Management of Natural Resources in the Chaco and High Valley Regions Project</td>
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<tr>
<td><strong>Project Cost (USD million):</strong> 24.0</td>
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<tr>
<td><strong>IFAD Loan (USD million):</strong> To be determined</td>
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<tr>
<td><strong>Proposed Terms:</strong> Highly concessional</td>
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<tr>
<td><strong>Present Status:</strong> Formulation completed</td>
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<tr>
<td><strong>Per capita GNP:</strong> 1 000</td>
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<tr>
<td><strong>Population (million):</strong> 7.9</td>
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<tr>
<td><strong>Leading External Financier:</strong> IFAD</td>
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<tr>
<td><strong>Cofinanciers:</strong> Discussions ongoing with GTZ</td>
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<tr>
<td><strong>Appraising Institution and Loan Administrator:</strong> IFAD and possibly the Andean Development Corporation (CAF)</td>
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</tbody>
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**Project Objectives**

The Chaco and High Valley regions are both affected by the severe degradation of their natural resources. In the Chaco, extensive livestock-raising and slash-and-burn practices degrade forests, leading to desertification. In the High Valley Region, forests have also been heavily affected by human activity due to slope cultivation and overgrazing, another cause of desertification. Moreover, limited access to technical and financial assistance services further exacerbate the poor living conditions of the population. The overall goal of the proposed project will be to reduce rural poverty and desertification, allowing beneficiary groups to significantly improve their economic standing. To achieve this, the project will seek to: (i) improve natural resource management by enhancing the capacity of small-scale farmers to manage them rationally and sustainably; (ii) facilitate access to the provision of technical assistance services and other rural services aimed at strengthening small farmers’ organizations and municipalities; and (iii) rehabilitate, in a sustainable and economically viable manner, 300 ha of pre-Inca terraces.

**Project Beneficiaries**

The project will target 23 municipalities of the Departments of Tarija, Chuquisaca and La Paz with extremely low Human Development Index (HDI) figures. The population in the project area has been estimated at approximately 207,557 individuals (approximately 23,000 families). Over 70% of the target group are indigenous people. It is estimated that 685 organizations, including rural women’s organizations, will benefit from their involvement in competitions included in the management of the natural resource component. Approximately 404 organizations will benefit from project-supported technical assistance services. The project will benefit 100 farm families through the rehabilitation of pre-Inca Terraces.

**Project Components**

(a) **Management of natural resources**

The aim of this component will be to substantially improve the quantity, quality and commercial value of beneficiaries’ natural resources. To this end, the project will mobilize beneficiary organizations, who will receive support from the project to fulfill and cofinance local initiatives. Support will be provided to assist beneficiaries in: (i) identifying their needs in terms of natural resource improvement and actions required to reverse degradation; and (ii) identifying and contracting out specialized technical assistance to undertake training in topics such as irrigation, slope cultivation,
soil and water management, and livestock and natural pasture management. Competitions will be organized among communities and groups of families within communities and among rural women.

(b) Rehabilitation of pre-Inca terraces

The project will provide access to productive areas to approximately 100 families, once 300 ha of pre-Inca terraces are rehabilitated. Training will be provided to groups of families in the high valleys of the Department of La Paz after signing an agreement with the implementing unit of the National Directorate of Archaeology and Anthropology (DINAAR).

(c) Technical assistance services

This component will seek to connect small-scale producers, rural women and indigenous groups with existing technical, legal or other assistance services or those that may be created in response to a specific demand. To facilitate this, the project will subsidize requesting groups/organizations to contract services geared to solve management or technical problems, including the transformation and marketing of agricultural and or small-scale rural enterprises. Gender considerations and linkage with the natural resource management component will be an important element in the appraisal process. Financing will also be given to strengthen the capacity of beneficiary groups and providers of technical assistance services through specialized training.

Project Implementation

This five-year project will be implemented with overall responsibility given to the Ministry of Sustainable Development and Planning through the National Watershed Directorate. Day-to-day project implementation will rest with the small-scale farmers development fund (FDC), under the same modalities of the IFAD-supported Small Farmers Technical Assistance Services Project currently under implementation. FDC’s project management and administration will be strengthened for this purpose. A special monitoring unit within the FDC will be responsible for monitoring project activities. Private-sector firms will be contracted to implement the management of the natural resources component. The FDC will execute the technical assistance services component. The rehabilitation of pre-Inca terraces will be implemented by the executive unit of DINAAR, to be established by the project. A project coordinating committee will coordinate project activities.

Important Features

The use of training and granting of competitive awards for the management of natural resources and the provision of incentives for contracting technical assistance services by communities and farmer groups will be introduced for the first time in the Chaco and the High Valley regions (this was done in Peru and elsewhere in Bolivia). In one project innovation, the rehabilitation of pre-Inca terraces contemplates the direct participation of beneficiaries or new settlers in the process. The project will contribute to developing private-sector institutions involved in rural development and will be inserted within the Comprehensive Development Framework (CDF). It will be used as a vehicle for the implementation of the United Nations Convention to Combat Desertification (CCD).

Main Issues

During appraisal, the following issues will be addressed: (i) coordination with other donors, including collaborative mechanisms with the GTZ-financed National Development Programme for Arid Areas (PRONALDES); (ii) institutional issues and coordination mechanism; (iii) the organizational capabilities of beneficiary groups; (iv) studies on the environmental impact of rehabilitation and the legal status and ownership rights of the pre-Inca terraces prior to the implementation of this component.
Previous IFAD Operations

Bolivia has been assisted with eight projects (two cofinanced and six IFAD-initiated) for a total of SDR 54.05 million. Three projects are currently under implementation.
Region: Near East and North Africa

Programme Name: Rural Development Programme for the Mountainous and Highland Areas

Per capita GNP: 490 (Azerbaijan) and 930 (Georgia)

Programme Cost (USD million): 19.7 (10.5 for Azerbaijan and 9.2 for Georgia)

Population (million): 7.9 (Azerbaijan) and 5.4 (Georgia)

IFAD Loans (USD million): To be determined

Leading External Financier: IFAD

Proposed Terms: Highly concessional

Cofinanciers: Discussions ongoing with the Japanese International Cooperation Agency (JICA), Department for International Development (DFID) United Kingdom, Swiss Agency for Development and Cooperation (SDC), and NGOs (Co-operative for Assistance and Relief Everywhere (CARE) World Vision)

Present Status: Under appraisal

Appraising Institution and Loan Administrator: IFAD and UNOPS

Programme Objectives

Both countries face a number of common constraints in their transition from a centrally controlled to a market-based economy, which have led to the emergence of new forms of poverty (transitional poverty) arising from: lack of access to inputs (fertilizers, tractors, etc.); barriers to land transactions and the consolidation of holdings; lack of market access; inadequate social infrastructure; scarcity of rural financial services; and limited off-farm earnings. Poverty in mountainous areas is exacerbated by the destocking of livestock, the lack of proper distribution of irrigation water, soil degradation and deforestation. Against this background, the overall goal of the proposed IFAD-initiated programme will be to assist populations in mountainous and highland areas in improving their quality of life in a sustainable manner by increasing incomes and protecting the natural resource base and the environment. More specifically, the programme will seek to: (i) strengthen the beneficiaries’ capacity to organize themselves in order to position themselves better in participating in the market economy and in managing the natural resource base on which their livelihoods depend; (ii) restore economic livelihoods through improved management of the resource base and improved access to financial, technical and commercial services; and (iii) strengthen public capacity to identify and respond to the needs of the mountain areas by putting in place appropriate institutional mechanisms.

Programme Beneficiaries

The programme area will include districts in which more than 50% of the population live at altitudes above 500 metres. Priority, however, will be given to communities in areas with predominantly steep slopes, a limited resource base in terms of land and livestock, low access to pasture and hay lands, and a prevalence of degraded agricultural land. The target group will consist of approximately 2.4 million people, including 1.2 million people from Azerbaijan (covering 20 districts of about 33% of rural population) and 1.2 million people from Georgia (covering 33 districts and accounting for 60% of the rural population). The target group will comprise active small private farmers operating individually or in voluntary associations. A significant part of the target group will be the large numbers of women who, due to the absence of male family members, are presently
carrying the entire burden of farm and family work. Other target groups will include families facing resource constraints in terms of land and livestock numbers. Approximately 18,800 households will directly benefit from programme activities.

**Programme Components**

Programme components will be similar in both countries with minor variations.

(a) **Promotion of participatory development**

   The programme will contract NGOs to mobilize communities, assist them in prioritizing their development needs and formulating and implementing development proposals. It will also build appropriate community institutions (individuals/farmer/village groups) to manage implementation.

(b) **Support to income generation**

   Support will be provided for: (i) the development of financial services through the establishment of sustainable, community-owned and managed village credit associations/credit unions to provide loans for investments in herd-rebuilding, fodder and pasture development, livestock-products processing, crop production and other small working capital and investment loans; (ii) livestock production by improving feed availability and upgrading herds/flocks; (iii) crop production through participatory trials/demonstrations to improve the productivity of existing crops and to explore opportunities for crop diversification; and (iv) livestock-product processing and marketing through demonstrations of improved household and village-level dairy processing units and the promotion of marketing groups.

(c) **Pilot group and community activities**

   Through this component, the programme will support the testing of community participatory approaches to: (i) limited social forestry activities; (ii) rehabilitation of small-scale irrigation schemes; and (iii) the provision of credit for small-scale enterprises.

(d) **Institutional building – Establishment of a mountain areas development agency**

   The programme will promote the creation of an institutional framework geared towards the establishment of a mountain areas development agency (MADA) at a subsequent stage, which will then act as a planning, strategy development and technology-generation facility for medium to long-term mountain area development. It will mobilize and manage funds in support of mountain area development and provide information and technical, financial and managerial support for mountain area development.

**Programme Implementation**

The first phase of this intervention will consist of two independent programmes to be implemented over a seven-year period (a three/four-year pilot stage and a three-year replication stage), following a programme approach. An independent PMU will ensure programme implementation in each country. At a later stage, they will graduate to full-fledged MADA.

**Important Features**

This long-term programme forms part of a broad intervention of IFAD support to the development of mountain communities in the Caucasus Mountains. In seeking to alleviate the disadvantages and constraints faced by the mountain area communities in each country, both the
Government of Azerbaijan and the Government of Georgia have recognized the potential benefits of building on the complementarities and synergies between the two countries to reinforce the development process. This culminated in the development forum held in Baku, Azerbaijan in March 1999. The programme will develop partnerships between the Governments and NGOs to improve the effectiveness of programme activities. International NGOs are expected to be potential implementing partners and cofinanciers. It will also forge linkages, wherever possible, with other complementary donor-funded initiatives.

**Main Issues**

During appraisal, the following issues will be addressed: (i) to finalize arrangements for the establishment of autonomous PMUs in both countries that could gradually grow into the proposed autonomous MADA; agreement on this issue will be sought during appraisal/loan negotiations; (ii) to collaborate with other development partners; (iii) to finalize credit arrangements, including interest rates; and (iv) to explore the possibility of establishing a Caucasus mountain network organization in order to promote mountain areas and facilitate the coordination of grass-roots organizations working in the area.

**Previous IFAD Operations**

The Farm Privatization Project in Azerbaijan was approved in 1997 for SDR 6.45 million and the Agricultural Development Project in Georgia approved in 1997 for SDR 4.70 million. The World Bank initiated both projects and IFAD cofinanced them. They are currently under implementation.
Region: Near East and North Africa

Countries: Yemen

Project Name: Spate Irrigation Improvement Project

Per capita GNP: 300

Project Cost (USD million): 27.4

Population (million): 16.5

IFAD Loan (USD million): To be determined

Leading External Financier: International Development Association (IDA) (World Bank Group)

Proposed Terms: Highly concessional

Cofinanciers: IFAD. Discussions ongoing with a bilateral donor

Present Status: Formulation completed

Appraising Institution and Loan Administrator: IDA and the World Bank

Project Objectives

Spate irrigation has been practised in the south-west regions of the Arabian Peninsula for centuries. Modern spate schemes were implemented in recent decades, during which time the Government took on a growing responsibility for spate irrigation development and management. However, years of deferred maintenance due to budget cuts and damage from flood episodes reduced the operability of diversion and control structures and canal systems. This reduced water mobilization for irrigation and diminished cropped areas and agricultural production. The proposed project aims at maximizing water user efficiency – in a country where water is the most limiting natural resource – based on participatory irrigation management, with the involvement of water users in the O&M of spate schemes. The main objectives of the project will be: (i) to restore agricultural productivity by improving the profitability and sustainability of selected spate irrigation schemes in Yemen; (ii) to improve O&M through more autonomous and self-sustaining scheme management; and (iii) to strengthen the capacity of irrigation agencies. In addition, the project will introduce measures to ensure more equitable distribution arrangements for the allocation of spate water.

Project Beneficiaries

The bulk of the cropped land in both wadis (seasonal water course) (51% in Wadi Tuban and 82% in Wadi Zabid) is either owned by landlords or is wagf (religious trust) and Government land, exploited by small sharecroppers in the case of privately owned land, or tenants in the case of wagf and Government land. The remainder (49% in Wadi Tuban and 18% in Wadi Zabid) is owner-occupied by small farmers, some of whom are also sharecroppers/tenants. In all, some 13 900 households (6 600 owner-occupiers, 6 000 sharecroppers and 1 300 tenants) in Wadi Tuban and 10 820 households (2 800 owner-occupiers, 6 020 sharecroppers and 2 000 tenants) in Wadi Zabid will benefit directly from the project. The average cropped land per household is about 1.1 ha in Wadi Tuban and 1.4 ha in Wadi Zabid. Average household income varies from USD 370-510 in Wadi Tuban to USD 330-880 in Wadi Zabid. In both wadis, a large number of households (3 300 in Wadi Tuban and 5 300 in Wadi Zabid) are landless and earn their livelihood from working as agricultural labourers.
Project Components

(a) Rehabilitation and Improvement Works

These fall into three main technical categories according to technical objectives: (i) to improve wadi diversion weir efficiencies (by rehabilitating existing structures and/or replacing existing ogmas (earth bund) with more permanent concrete, gabion or masonry structures), as well as to provide wadi flood-protection works; (ii) to spread spate flows more uniformly or equitably throughout command areas (by desilting canal systems, providing canal control structures and repairing gates and off-takes) and to improve access and service roads; and (iii) to decrease annual O&M costs by reducing the amount of silt entering irrigation systems, which causes sedimentation in canals and blocking control structures (by provision of improved sluicing facilities at the diversion weirs, particularly at Zabid).

(b) Irrigation Management and Operation and Maintenance Improvements

These improvements will include: (i) formation and support of water user associations (WUAs) (8 100 farmers in Tuban and 7 700 in Zabid); (ii) formation and support of scheme-management committees (SMCs) and scheme management units (SMUs); (iii) training of WUAs, in participatory identification and implementation of improvement works, and for participation in and take-over of schemes O&M and (iv) provision of management information systems and spate warning systems.

(c) Institutional Strengthening and Project Support

The project will assist the Government in the following fields: (i) drafting and implementation of water resources legislation; (ii) conduct of irrigation-sector institutional assessment; (iii) provision of technical support to the General Directorate of Irrigation (GDI) to carry out a small dams inventory; (iv) conduct of environmental assessments; (v) the formation and operation of a PMU; and (vi) preparation of phases to follow the programme and the conduct of studies.

Project Implementation

This first phase project is part of a programme to be implemented over a ten-year period. Overall responsibility for the implementation of the four-year project will rest with a project steering committee. The PMU will be based in Aden, and will have the responsibility for day-to-day implementation and coordination.

Important Features

The project will be the first phase of a long-term programme to rehabilitate and hand over management of spate schemes. The first phase will only cover the Tuban and Zabid schemes. The project is in line with IFAD’s strategic thrust in the country, which calls for support to efforts for improving water use efficiency in existing irrigated areas. It will continue the Fund’s strategic linkages with IDA in Yemen, and may involve another cofinancier. IFAD will commit itself to the first phase at this stage, and will provide a normal project loan for that purpose. IDA may opt for an extended programme loan, but progress into subsequent phases will be determined by the outcome of the first phase. The option of joining subsequent phases is open to IFAD. The implementation of participatory irrigation management (PIM), with the transfer of responsibility for O&M to farmers’ organizations, is expected to result in a sustainable water management system for spate irrigation schemes. Farmers’ participation in O&M will be conducive to enhanced equity in water distribution, and hence incomes and increased community welfare through the empowerment of people to manage their own affairs.
Main Issues

During the internal review process of this IDA-initiated project, IFAD expressed concern with the distribution of benefits from a spate rehabilitation project only. Such a project will benefit the large number of small owner-occupiers, sharecroppers and tenants on the spate schemes, in addition to the larger landowners whose lands are sharecropped or tenanted. But it will not directly benefit the large numbers of landless and women living in spate irrigation communities. The Government’s project proposal is being pre-appraised by IDA/IFAD. During the pre-appraisal exercise, IFAD is negotiating with the Government and IDA for the inclusion of: (i) a community development and income-generation component to benefit the landless and women; and (ii) an agricultural development component (probably involving a heavy demonstration effort of rapid impact technologies related to fertilizer use and improved seeds, crop husbandry and on-farm water management), which aims at augmenting agricultural productivity by lessening constraints other than water availability.

Previous IFAD Operations

To date, IFAD has supported 15 projects (nine cofinanced and six IFAD-initiated) for a total of SDR 104.01 million. Three projects are currently under implementation. The Al-Mahra Rural Development Project, approved in December 1999, is expected to become effective in July 2000.
PROJECTS UNDER CONSIDERATION (2000-2001)
CLASSIFIED BY STAGE OF PROCESSING

BRIEF OVERVIEW

1. Efforts to revisit IFAD’s medium-term strategy in a number of countries continued throughout 1999. A total of 21 Country Strategy Opportunities Paper (COSOPs) were completed: five in Western and Central Africa (Africa I); five in Eastern and Southern Africa (Africa II); three in Asia and the Pacific; four in Latin America and the Caribbean; and four in Near East and North Africa. Thus far, a total of 60 COSOPs have been reviewed by IFAD’s Operational Strategy Committee and five will be reviewed in the coming weeks for Armenia, D.P.R. Korea, Mauritania, Mozambique and Nepal. In view of the need to closely link the lending programme with the Fund’s strategy, the selection of pipeline projects has been more rigorous and pipeline build-up has slowed down over the last years (Chart 1). Still, some projects previously included in Annex B were dropped from the pipeline as new priorities and challenges in the field of poverty alleviation made them less relevant in the context of emerging strategies.

2. With regard to West and Central Africa (Africa I), IFAD was able, despite continued problems related to civil strife and arrears, to achieve its lending targets in 1998 and 1999. It is on track to do the same in 2000. In 1998, seven projects were approved for a total of USD 80.16 million; in 1999, seven projects were approved for USD 85.74 million. For 2000, it is foreseen that eight projects will be submitted to the Executive Board for a total of approximately USD 89.5 million. One notable development in 1999, with major implications for Africa I’s lending programme in the coming years, is the Nigerian transition from military to civilian rule, and the subsequent decision on the part of the authorities to resume borrowing for development projects. Given the magnitude of poverty in the country and the absence of new lending over the last several years, a concerted effort will be made to allocate substantial lending programme resources to this country. That said, ongoing problems with civil strife and arrears still constitute a formidable challenge for future portfolio development in a number of countries in the region.

3. In Eastern and Southern Africa (Africa II), the continuation of the peace process and the resumption of normal economic and social life in much of the Great Lakes area considerably reduced the profile of emergency assistance, with increasing emphasis on the transition to long-term
development. A more stable environment is expected to have a positive impact in resuming IFAD’s lending operations in Eastern and Southern Africa. A total of 13 projects were approved in 1998 and 1999. Project development is also expected to resume in Eritrea and Ethiopia, which were adversely affected by security issues. Still, a more supportive policy and institutional framework in some countries is opening up opportunities for renewed partnerships and collaboration with governments (e.g., Kenya, Swaziland, Uganda). Other new interventions are currently being identified in Madagascar and the United Republic of Tanzania. A significant factor in pipeline development has been the declining opportunities to participate in projects initiated by the World Bank, the level of whose new commitment has fallen dramatically.

4. During 1999, IFAD re-examined its development support strategy, priorities and practices in the Asia and the Pacific region. The extent of poverty and deprivation among indigenous people and other groups of rural poor in marginal upland areas led IFAD to formulate a programme for enhancing the livelihoods of the upland poor. In 1999, IFAD organized regional workshops in Japan and Thailand to discuss the Fund’s new programme approach on upland development. Based on an assessment of the consequences of the Asian crisis and a review of past experience, the Asia and the Pacific region is identifying interventions that are more responsive to the new realities and emerging needs. Greater collaboration will be established with different stakeholders during project design and implementation. Although political instability has prevented the development of a pipeline in Afghanistan and Tajikistan, pipeline build-up is expected to be greater in the medium-term.

5. In the Latin America and the Caribbean region, the rural poor have been most affected by the financial crisis and climatic disasters. During 1999, IFAD’s strategies in Latin America and the Caribbean were framed by countries’ responses/adJUSTments in their national economies and social programmes to the various economic crises and natural disasters that occurred in 1998 and 1999. Thus, 1999 was characterized by renewed and fruitful policy dialogue on poverty alleviation and rural development strategies at the country level, and by IFAD’s new project design and implementation arrangements. COSOPs were finalized for Haiti, Mexico and Venezuela and a COSOP for Chile will be finalized shortly. This work enabled the Latin America and the Caribbean Division to devise the medium-term lending strategy in the region.

6. The aim of the Near East and North Africa Division throughout 1999 was to tailor overall strategies and approaches in the region to country-specific conditions for traditional Near East and North Africa borrowing countries, as well as for the new transitional economy borrowers in the Balkans and Eastern and Central Europe. COSOPs have been completed for Algeria, Gaza and the West Bank, Morocco, Tunisia and Yemen, in addition to Azerbaijan, Bosnia and Herzegovina, Georgia and The Former Yugoslav Republic of Macedonia. Strategies for Armenia, Egypt and Turkey will be forthcoming in early 2000. The formulation of focused strategies made it possible for the division to heighten the targeting of its planned interventions at the country level. The end result was fewer projects included in the pipeline but with much greater chances of being fully developed; and concentrating on interventions in the highest impact sectors identified through the country-strategy process.

7. From a regional perspective, the 49 projects (44 IFAD-initiated and five cofinanced) are broken down as follows: (i) ten (20%) in Western and Central Africa (Africa I); ten (20%) in Eastern and Southern Africa (Africa II); 13 (27%) in Asia and the Pacific; 9 (18%) in Latin America and the Caribbean; and 7 (14%) in Near East and North Africa (Chart 2). The pipeline includes five projects initiated by other financiers (three from the World Bank and two from AsDB).
Chart 2: Percentage Distribution of Projects by Region, May 2000

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Africa I</td>
<td>20%</td>
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<tr>
<td>Africa II</td>
<td>20%</td>
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<td>Asia and the Pacific</td>
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<td>Latin America and the Caribbean</td>
<td>18%</td>
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<tr>
<td>Near East and North Africa</td>
<td>14%</td>
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</table>

8. In terms of geographical location, pipeline projects included in Annex B cover 46 countries (Chart 3): 10 (22%) in Western and Central Africa (Africa I); 10 (22%) in Eastern and Southern Africa (Africa II); 11 (24%) in Asia and the Pacific; eight (17%) in Latin America and the Caribbean; and seven (15%) in Near East and North Africa (Chart 3).

Chart 3: Percentage Distribution of Countries by Region, May 2000

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<tr>
<th>Region</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Africa I</td>
<td>22%</td>
</tr>
<tr>
<td>Africa II</td>
<td>22%</td>
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<tr>
<td>Asia and the Pacific</td>
<td>24%</td>
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<tr>
<td>Latin America and the Caribbean</td>
<td>17%</td>
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<tr>
<td>Near East and North Africa</td>
<td>15%</td>
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9. Fifteen projects approved in 1999 went to sub-Saharan African countries and emphasis on their needs continues to be reflected in the Fund’s pipeline. Forty-seven per cent of pipeline projects are in sub-Saharan Africa. Equally important remains identifying interventions in support of the needs of low-income, food-deficit countries. Nearly half of the pipeline projects (48%) are for countries so defined by FAO. The least developed countries remain another high-priority group in devising future interventions. IFAD’s pipeline includes 20 projects (or 44% of the pipeline) in this priority group.
### PROJECTS UNDER CONSIDERATION – (2000 – 2001)
### CLASSIFIED BY STAGE OF PROCESSING

<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Population (million)</th>
<th>GNP Per Capita Income (1998 actual) (USD)</th>
<th>Project Name</th>
<th>Nature of Project</th>
<th>Tentative Loan (USD million)</th>
<th>Primary IFAD Contact</th>
<th>Included in Annex A</th>
<th>Tentative Executive Board Presentation</th>
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<td>Mr Ben-Senia</td>
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Footnotes to Annex B:

X  Projects so marked are selected from the pipeline of a cooperating institution (indicated in parentheses); the remainder are "IFAD-initiated projects", i.e., projects identified by the Fund's identification missions or directly requested by the Governments.

2/  Former National Community-Based Rural Development Programme.
3/  Former North-Guéra Food Security Project – Phase II.
4/  Former Smallholder Horticulture Producer Support Programme.
5/  Former Umutara Community Resources Development Project.
6/  Former Participatory Integrated Development Programme Rainfed Areas.
7/  Former Strengthening Production-Transformation-Marketing Links for Rubber (Hevea brasiliensis)-Producing Small Farmers and Indigenous Communities Project.
8/  The project may need to be reformulated.
9/  Former Rural Development and Poverty-Alleviation Programme for the Mountainous and Highland Areas.
10/ Former Coastal and Uplands Development Programme.
11/ Estimated to be lower middle income (USD 761 to USD 3 030).
12/ Project scope is likely to change in the light of IFAD’s experience and recent discussions.