



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

Since document EB 2000/70/R.21 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: Madagascar
Project Name: Upper Mandrare Basin Development Project – Second Phase	Per Capita GNP¹: 260
Project Cost (USD million): 23.0	Population (million)¹: 14.6
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Highly concessional	Cofinanciers: Discussions ongoing with the International Development Association (IDA), European Union and the OPEC Development Fund
Present Status: Under appraisal	Appraising Institution and Loan Administrator: IFAD and United Nations Office for Project Services (UNOPS)

Project Background and Objectives

The project area suffers from uncertain climatic conditions, and the isolation of the zone from major supply and consumer centres has serious repercussions on access to health, education and financial services and the supply of agricultural tools and inputs. The ongoing Phase I project, being implemented as a pilot initiative in four communes of the Upper Mandrare Basin, has proved to be very successful, and it has been proposed that a follow-up project be extended to include five other communes in the Mandrare catchment area and increase the scope of activities. The overall objective of this Phase II project is to increase agricultural and non-agricultural incomes of the rural population in the project area, in particular for the most vulnerable groups (women and young people), to improve their general living conditions and to contribute to food security in the southern region of the country. In particular, the project will: (i) provide the rural sector with the necessary structure to assume management of local development and secure wider participation by women and vulnerable groups; (ii) increase crop and animal production and improve management of natural resources; and (iii) promote exchanges and improve beneficiary living standards by opening up the project area.

Project Beneficiaries

The target group will include the whole population of the nine communes, approximately 93 000 persons or 17 000 households. Primary beneficiaries will be smallholder farmers and cattle herders, including groups identified as particularly vulnerable: sharecroppers, landless farmers who rent rice plots, owners of small rice plots, poor women (particularly widows and heads of households) and, in pastoral areas, those who have only a few head of livestock or small ruminants. Farmers will benefit from the rehabilitation of irrigation perimeters and about 6 000 households will participate in Local Initiatives Fund (LIF) activities. Literacy training will be provided to about 8 000 persons, including the young, women and members of farmers' organizations. A similar number is expected to benefit directly from access to financial services and marketing support.

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) Structuring the Rural Sector

In response to the priorities of the local population, this component will include the formation and strengthening of peasant groups and associations to enable the beneficiaries to plan, implement and manage their own development initiatives. It will also provide support to literacy training and health and nutrition services.

(b) Rural Infrastructure

This component will comprise rehabilitation of irrigation facilities and upgrading of trunk and access roads. In addition, beneficiaries will choose other activities to be carried out, such as rehabilitation or construction of health centres, primary schools, vaccination corridors and drinking-water facilities.

(c) Sustainable Agricultural Development

A multi-disciplinary technical team will be formed to improve agricultural and animal production practices and traditional management of grazing areas. Environmental management and protection will be highlighted under this component. A LIF will finance projects identified by the target groups, particularly the more vulnerable groups. Funds granted under the LIF will complement resources utilized by the groups in the form of labour, materials or cash.

(d) Support Services

Savings banks will be established, allowing the local population access to rural financial services. In addition, support will be provided to producers and market intermediaries to improve market efficiency and marketing chains, which will benefit smallholder farmers.

(e) Project Management

This component will provide for a management unit and accounting support unit in the five communes not covered under the Phase I project. Monitoring and evaluation will also be supported.

Project Implementation

This seven-year project will be flexibly implemented and based on a participatory approach in order to respond to the priorities identified within the village communities. Overall responsibility for implementation will rest with the Ministry of Agriculture, which will establish an inter-ministerial steering committee with the participation of technical agencies. A management unit will ensure day-to-day project management, and multiple operators will implement the activities. Communal development committees will be established to plan and monitor activities to ensure that they reflect local priorities. Implementation will be outsourced to contracted service organizations, and specialized technical operators will support the generalist operator in charge of community development activities.

Important Features

In a rapidly changing environment, where there is a need to respond to beneficiary demand, a flexible LIF has been applied as a way to support local development initiatives. The project will also support the decentralization process by strengthening the capacity and expanding the decision-making authority of decentralized levels of local government at the commune level. Efforts are also being



made to develop partnerships with other donors and projects to complement IFAD's support to productive activities in the areas of health, education and transport.

Main Issues

During appraisal, the following issues will be addressed: (i) potential project contribution in policy areas (decentralization and cost-sharing systems for irrigation investments); (ii) specification of the modalities of cofinancing and collaboration with other donors and projects; (iii) further review of the rural financial services component, including prospective IDA financing; (iv) refining of the criteria and mechanisms to promote participation of women in project activities; (v) measures to ensure the sustainable improvement of livestock productivity and road infrastructure maintenance; (vi) eligibility criteria and mechanisms for channelling project resources under the LIF; (vii) identification of potential service providers to participate in the Phase II project as specialized technical operators; (viii) consideration of a stronger emphasis on functional education in view of the high illiteracy rate in the project area; and (ix) further fine-tuning of monitoring and evaluation (M&E) arrangements.

Previous IFAD Operations

Madagascar has received nine loans for eight projects with five projects being initiated by IFAD. A total of SDR 47.92 million was financed through Regular Resources for eight loans and SDR 1.10 million through the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA) for one loan. Three projects are ongoing.

Region: Eastern and Southern Africa (Africa II)	Country: Uganda
Programme Name: National Agricultural Advisory Services Programme (NAADS)	Per Capita GNP¹: 310
Programme Cost (USD million): 95.0 (for the first five-year phase)	Population (million)¹: 20.9
IFAD Loan (USD million): To be determined	Leading External Financier²: The World Bank
Proposed Terms: Highly concessional	Cofinancier: The Donor Group ³
Present Status: Pre-appraisal completed	Appraising Institution and Loan Administrator: The World Bank/IFAD and the World Bank

Programme Background and Objectives

Agriculture has been and will continue to be the cornerstone of Uganda's economy and the main source of rural household incomes, livelihood and welfare. Until now, interventions and expenditures on direct and artificial support of farming and farmers by the Government have proved to be ineffective and unsustainable, as they have failed to respond to farmer's real needs. The proposed NAADS, a joint effort of the Government and the Donor Group, will be the first national manifestation of the Plan for the Modernization of Agriculture (PMA), itself part of the strategy of the government Poverty Eradication Action Plan. The goal of the programme is to increase the security of rural livelihoods through sustainable improvements in agricultural productivity and household incomes. Primary objectives are to: (i) engender a change in the approach to agricultural service provision; (ii) initiate processes of farmer and community empowerment and enhanced local fiscal and operational viability; and (iii) ultimately reduce the share of government funding support to direct agricultural extension services.

Programme Beneficiaries

The programme will be national in scope and implemented in phases to eventually cover all 45 districts and 540 subcounties of the country. Thus the target group will be the three million households that comprise the national farming base. A total of 75% of these are mainly poor, subsistence smallholder farmers, including women and youth. Some 450 000 farming families (about 2.7 million people) are expected to benefit directly from the programme. In addition, 300 000 families will benefit indirectly from programme interventions. Participants will include farmers, farmers' groups/organizations and forums, subcounty and district authorities, farm advisory service providers and specialist contractors.

³ As at pre-appraisal in June 2000, the Donor Group included: the World Bank, IFAD, the Danish International Development Assistance (DANIDA), the Norwegian Agency for Development Cooperation (NORAD), the Netherlands International Assistance, the Department for International Development (DFID) (United Kingdom), the European Commission, Irish Aid, the African Development Bank (AfDB), the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO), Sasakawa Global 2000 and possibly the United States Agency for International Development (USAID) and the Italian Cooperation.



Programme Components

(a) Advisory and Information Services to Farmers

This will consist of three sub-components: (i) orientation, participatory planning and group mobilization, involving participatory needs assessment, establishment of farmer forums, training and capacity-building for farmers' groups and local government staff; (ii) farm advisory service contracting, involving assistance on group work plans and budgets, on-farm and legal advice, skill development and capacity-building, professional assistance, participatory monitoring and evaluation, demonstrations, and establishment of farmer-based services; and (iii) information and communication.

(b) Technology Testing and Market-Linkage Development

Specialists will be contracted to: (i) help farmers test and adapt promising technologies, exploit new production and marketing opportunities, and resolve technical and marketing problems; and (ii) explore and address district, regional or country-wide technology and market-linkage development issues.

(c) Regulation and Technical Auditing of Service Providers

Under this component, an inventory and assessment will be carried out of service-provider capacity at national, district and subcounty levels; standards for service delivery will be established and support provided to set-up a registration scheme and professional association for service providers.

(d) Private-Sector Institutional Development

This will involve initial training to local service providers and public-sector extension staff transferring to the private sector; support for national representative organizations and institutions; establishment of linkage mechanisms; and a limited marketing-cost subsidy.

(d) Programme Management and Monitoring

This will involve support for the NAADS Secretariat and Board; the planning process and oversight; establishment of a management information system; participatory monitoring and impact evaluation.

Programme Implementation

NAADS will be implemented in five phases of five years each. The IFAD loan will be provided for the first three phases of the programme (15 years), under the Flexible Lending Mechanism, and will support all programme activities through a budget support mechanism. Overall national responsibility for the programme will lie with the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), with a Board and a Secretariat/Executive responsible for day-to-day activity coordination, institutional facilitation and progress monitoring. The Ministry of Finance, Planning and Economic Development (MFPED) will oversee the programme through the Government Poverty Action Fund and PMA structures. Subcounty and district local councils and administrations will be responsible for support and supervision at their respective levels and will provide facilitation, advisory and consultative support to the programme. Eventually, primary responsibility for local areas will be vested in the farmer groups – the prime clients of the advisory services – and their elected farmer forums at subcounty, district and national levels. The programme will be implemented through approved annual work plans and budgets (AWP/Bs). Each district and subcounty will prepare its plan



and submit it through the Executive to MAAIF and MFPED. An integrated AWP/B will be submitted to the Donor Group.

Important Features

IFAD's planned support for NAADS is fully consistent with both Uganda's strategy for the modernization of agriculture and the Fund's strategic thrust for the country. The programme is based on decentralized, farmer-driven, increasingly private-sector/non-governmental organization (NGO)/civil-society services and on the commercialization of the smallholder subsector. The Government has taken the lead in the preparation of NAADS, with a task force comprising a mix of stakeholders, including NGO, academic and private sectors, as well as local government representation. The Donor Group is providing technical backstopping. A pre-programme, "trail blazing", pilot test initiative will be carried out in five districts over an 18-24-month period, financed by bilateral donor agencies (at a cost of approximately USD 3.3 million). IFAD's participation will contribute to sharpening the programme's focus on aspects of smallholder farm development based on IFAD and Belgian Survival Fund for the Third World (BSF) experience in the country. By supporting this programme, IFAD aims to share its knowledge in relation to: integrated district development support and decentralized project orientation; gender- and poverty-targeting; group formation, community sensitization and training; capacity-building and support, especially in the context of savings promotion by and credit provision for women's groups; a pluralistic approach to technical and advisory service provision; and commercially-oriented agricultural development.

Main Issues

Issues to be addressed during appraisal include the following: (i) complete programme costing (and specific donor contribution) and financial and economic analysis (including validity of cost-recovery approach); (ii) resolve certain legal and regulatory technicalities affecting tender and procurement jurisdiction, formalization of farmer forums as legal entities, establishment of the Board and Executive and the format and content of contract documents and contracting mechanisms; (iii) devise an instrument for ensuring effective coordination among the donors; (iv) further elaborate the ways in which poorer farmers will be supported by the programme; (v) ensure that the M&E system will be capable of adequately demonstrating the impact of IFAD support; and (vi) fine-tune the gender strategy and further elaborate the value-added of IFAD participation.

Previous IFAD Operations

The country has so far received eight loans, one of which was financed through the SPA, for an amount of SDR 77.66 million from Regular Resources and SDR 8.12 million from the SPA. Seven projects were initiated by IFAD, two projects are ongoing and one is awaiting signature of the loan agreement. Uganda has also received five grants from the BSF Regular Programme for a total amount of BEF 817 million.

Region: Near East and North Africa	Country: Armenia
Project Name: National Agricultural Services Project	Per Capita GNP¹: 460
Project Cost (USD million): 18.5	Population (million)¹: 3.8
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Highly concessional	Cofinancier: None
Present Status: Under appraisal	Appraising Institution and Loan Administrator: IFAD and UNOPS

Project Background and Objectives

Since becoming independent in 1991, Armenia has suffered from a rapid transition to a market economy that has resulted in a drastic fall in the standard of living, mass unemployment and impoverishment of the population. In 1994, the country embarked upon a comprehensive programme of macroeconomic stabilization and structural reform through which remarkable progress has been made on a number of issues. However, structural poverty continues to increase in rural areas because major constraints on increased production in the agricultural sector of Armenia have yet to be addressed. The National Agricultural Services Project will provide resources for rural and agricultural development in order to accelerate improvements in the well-being and income of target-group households. This will be achieved by intensifying crop production, irrigation development (including support to and creation of water users' associations (WUAs)) and provision of rural finance. The project will consolidate activities and institutional arrangements made under the North-West Agricultural Services Project (NWASP), and the area will be expanded to include other poverty zones at high altitude.

Project Beneficiaries

The project is located in eight of the more disadvantaged provinces in the country and the target group will be small farm households (with farm sizes of about 1.3 ha). Some interventions, namely participatory irrigation management and seed multiplication, have national coverage and the target group will comprise the major part of the farming population living in the rural villages of the country (230 000 families). The rural financial services component is expected to benefit six districts and 12 400 families. Women will benefit from the project through participation in WUAs, easier access to borrowing and through a small microfinance sub-component.

Project Components

(a) Agricultural Development

Improved input supply will be the basis for intensifying crop production. The project will: (i) improve beneficiary access to credit for the purchase of inputs and promote greater irrigation efficiency; (ii) support the development and strengthening of the Seed Producers Support Association (SPSA) in order to increase the supply of quality seed produced by private farmers; and (iii) assist public support services through an improved seed-certification and testing service, a variety testing programme and applied research and extension activities.

**(b) Irrigation Development**

Irrigation development has mainly concentrated on civil works, and major improvements in infrastructure have been realized. In order to improve and consolidate WUAs, this component will provide support to the latter in operating and maintaining their systems. Specifically, it will form and train WUAs and federations of WUAs (FWUAs) and establish unions of WUAs, leading to the establishment of a national union of WUAs. In addition, tertiary and secondary canal systems will be rehabilitated and/or constructed in response to demands from WUAs/FWUAs and institutional support will be provided for improved implementation and coordination of activities.

(c) Rural Finance

In order to continue successful lending for agricultural production through the Agricultural Cooperative Bank of Armenia (ACBA), the project will provide further funds for capitalization to enhance outreach of ACBA's credit line and institutional support to extend its branch network. In response to the increasing demand for marketing, processing and employment-generation activities, the NGO Shen will receive resources to provide loans for the development of small rural enterprises. It will also provide technical and business management advice. A microfinance sub-component will provide investment resources to women not eligible for any other funding. The NGO the United Methodist Committee on Relief (UMCOR) will be supported to expand ongoing programmes into new districts through its local NGO Aregak.

(d) Project Coordination

Funds will be provided for the recruitment of short-term staff for the Project Coordination Unit (PCU). Two regional units in the project area will be set up, both of which will include monitoring capacity.

Project Implementation

The Ministry of Agriculture has overall responsibility for this four-year project. The existing Coordination Committee, chaired by the Minister, will be enlarged to accommodate participation of men and women beneficiary representatives. The existing PCU will continue to be responsible for coordination under the new project. It will entrust project implementation to competent institutions, services and agencies in the public and private sector that were involved in the implementation of NWASP. ACBA will implement the agricultural credit sub-component and UMCOR/Aregak will implement the microfinance sub-component.

Important Features

The project is consistent with IFAD's strategy in Armenia and builds upon the positive experiences derived from the first two IFAD investment projects in the country. It will only support activities for which the target group has expressed demand. Most activities will be implemented on the basis of a participatory approach in which potential beneficiaries will be involved in programming and final design of the activity and in subsequent operations. Support for small enterprise development and microfinance will be provided to groups of women unable to obtain credit through other means, and, where possible, the project will actively promote the participation of women in all components.

Main Issues

Issues to be addressed during appraisal include the following: (i) ensure that ACBA can become sustainable and more responsive to the poorest rural people; (ii) review support for the rural



poor in marginal areas unable to benefit from irrigation development; (iii) review the legal framework for WUAs/FWUAs, taking into account the Institutional Audit of the irrigation sector and legal aspects of NGO involvement in project implementation; (iv) assess staffing levels for the PCU; (v) strengthen the microenterprise development component; (vi) foster dialogue with the Government on gender issues; (vii) review environmental issues; and (viii) study further means to ensure better targeting.

Previous IFAD Operations

Armenia has benefited from two projects, one of which was initiated by IFAD, for a total loan amount of SDR 14.95 million. One project is currently ongoing.