



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-First Session

Rome, 6–7 December 2000

PLANNED PROJECT ACTIVITIES
2000 –2001

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 to enable members to keep abreast of developments in IFAD's project pipeline, and should they so desire, to comment on planned projects at an appropriate stage of the project cycle. Accordingly, such information has been 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 Board requested the information contained in Annex E 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 documents placed before the Board at subsequent sessions.



(b) Annex B

Annex B provides a comprehensive list of pipeline projects that were reviewed by the Fund's Technical Review Committee to ascertain their suitability for IFAD support. The annex includes projects that have been identified only, those that have reached an advanced stage of processing (and have consequently been 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 (TA) 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 TA 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 TA grants 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 projects or grants 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.

¹ Descriptions of any TA grants approved by the President since the Board's last session will be tabled at the current session.



ANNEX A

Region: Western and Central Africa (Africa I)	Country: Sao Tome and Principe
Programme Name: Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme	Per Capita GNP¹: 270
Programme Cost (USD million): To be determined	Population (million)¹: 0.14
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Highly concessional	Cofinanciers: Discussions ongoing with Agence française de développement (AFD) (French Development Assistance Agency) and the French Ministry of Foreign Affairs
Present Status: Under formulation	Appraising Institution and Loan Administrator: IFAD and the United Nations Office for Project Services (UNOPS)

Programme Objectives

IFAD's interventions in the country have supported the creation of farmer and fishermen associations and improved the productivity of agricultural and artisanal fisheries activities. Despite the achievements made thus far, the seriously decapitalized state of both artisanal fishermen/women and small farmers, as well as external factors, such as fluctuations in the world market price of cocoa and stringent economic policies, have all contributed to a slow rise in smallholders' and artisanal fishermen/women's incomes. As a result, smallholders and artisanal fishermen/women continue to remain the poorest groups in Sao Tomean society. Against this background, the objectives of the proposed programme will be to improve the living conditions and incomes of women and men in rural smallholder agriculture and artisanal fisheries, and further the development of grass-roots organizations such as community groups, associations, federations and non-governmental organizations (NGOs) into sustainable development agents. Overall, the programme will provide essential support to help overcome the main constraints identified by the beneficiaries.

Programme Beneficiaries

The programme will cover all rural areas of the country, both in Sao Tome and in Principe. The target group will encompass artisanal fisheries households and smallholder families that received land through the land privatization programme initiated in 1993, as all continue to have incomes below the poverty line. Smallholder families consist of former plantation workers and others who constituted the beneficiaries of the Land Distribution Programme (about 7 000 families). Artisanal fisheries households (about 3 000 families) usually include the fisherman and his partner, the *palayé* (fishwife). *Palayés* living in isolated areas are especially affected by the lack of transport facilities.

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.

Programme Components

(a) Participatory Development

Through this component, existing and newly established smallholder communities will be supported to undertake a participatory and gender analysis of constraints and priorities, which is expected to result in preparation of a set of individual and common economic investment proposals (community activities schedule). On this basis, group formation and training in management and technical fields will be supported. The programme will finance communal economic activities with a deferred return through a subsidy and a contribution from the users. Directly productive individual and common investments will be funded through a loan from the *caisses locales*. During the first three years of each operation, the programme will provide back-up support on demand through refresher training, close supervision, market information, etc.

(b) Rural Finance

The aim of the programme is to take over the setting up of a national rural finance system initiated by AFD and based on the mutualist model. At the present time, nine rural savings and deposit *caisses* are operational; the programme will assist in setting up about another 10 *caisses*.

(c) Development and Research

The programme will continue to support the agricultural and fisheries extension services, which will follow a management support approach and provide advice on demand.

(d) Institutional Support and Programme Management

The programme will provide institutional support to new and existing associations, unions and federations and to NGOs, in terms of member and staff training in management and technical fields. The programme will foster the creation of an association of representative federations, NGOs and unions, which will be entrusted with programme management.

Programme Implementation

Responsibility for day-to-day programme implementation will rest with the management unit appointed by the aforementioned association of representative federations, NGOs and unions. With regard to services, competitive bidding processes will be set up and service provision will be closely monitored. A programme coordination committee, with representatives of the technical ministry/ies concerned and the beneficiaries, will approve the annual programmes of work and budget.

Important Features

The proposed long-term programme, which will be financed through the Flexible Lending Mechanism (FLM), will bring about the strengthening of fishermen and smallholder associations and gradually entrust them with responsibility for project implementation. It will build on lessons learned from the National Smallholders Support Programme, the Artisanal Fisheries Project and the Second Artisanal Fisheries Development Project. In so doing, a more gender-sensitive approach will be followed, by ensuring that women engaged both in fisheries and in agriculture have preferential access to programme support and resources; that implementation staff include a higher proportion of women; and that both women and men represent beneficiary interests in programme management structures. Thanks to its flexible nature, the programme will allow other donors to become involved during the different cycles of the 12-year implementation period.



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Main Issues

The following issues will be addressed during formulation/appraisal: (i) overall coordination with other donor-supported programmes and cofinancing arrangements; (ii) diversification possibilities, including biological cocoa production and other products with particular market potentialities; (iii) ways of taking over the rural-finance system from its present state; and (iv) setting up of the association of representative federations, NGOs and unions.

Previous IFAD Operations

To date, four IFAD-initiated projects have benefited Sao Tome and Principe for a total of SDR 5.83 million. One project is currently under implementation.



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Region: Eastern and Southern Africa (Africa II)	Country: Swaziland
Project Name: Lower Usuthu Smallholder Irrigation Project (LUSIP)	Per Capita GNP¹: 1 400
Project Cost (USD million): 130.0	Population (million)¹: 1.0
IFAD Loan (USD million): To be determined	Leading External Financier²: the Government of Swaziland
Proposed Terms: Intermediate	Cofinanciers: Discussions with a potential donor group are ongoing
Present Status: Under formulation	Appraising Institution and Loan Administrator: Joint Government of Swaziland - a potential donor group ³ . UNOPS

Project Objectives

The overall purpose of the proposed project is to achieve sustained improvement in the standard of living of Swazis in the Lower Usuthu River Basin – one of the poorest regions of Swaziland – through the commercialization and intensification of agriculture. The immediate objectives are to integrate the smallholder sector into the commercial economy through the provision of irrigation for agricultural intensification and diversification, and to arrest environmental degradation by promoting the sustained rational use of natural resources. To this end, the project will transform 6500 ha (net) of land from its present use for semi-subsistence farming into diversified commercial cash cropping by smallholders. The project will build on the experience and successes achieved to date by smallholder irrigators in the project area, taking advantage of existing strong market linkages with the sugar industry and developing potential linkages in the cotton and livestock subsectors.

Project Beneficiaries

More than 40% of the country's population lives in absolute poverty, mostly in the rural areas on Swazi Nation Land (SNL)⁴ where the project will be located. The proposed project beneficiaries are among the poorest in the country, with average annual per capita income currently estimated at USD 141 for members of non-sugar-growing homesteads. About 2 600 households (or 15 300 people), out of a total 3 418 households currently residing in the LUSIP area, spread over five chiefdoms, are expected to benefit directly from project activities. Beneficiaries will be mostly men and women smallholders working in groups/associations of 20 members and mostly involved in sugar cane production, but with others also cultivating cotton and other high-value crops under irrigation as well as about 30% of the farmer groups involved in commercial livestock activities. Women and youths will be an integral part of the groups/associations.

³ The European Commission, the European Investment Bank, the African Development Bank, the Development Bank of Southern Africa, the Arab Bank for Economic Development in Africa, Ubombo Sugar Limited (a private-sector sugar mill owner) and IFAD.

⁴ Land that is communal and administered by customary chiefs.



Project Components

(a) Upstream Development

The component will involve the provision of TA, surveys, engineering designs, construction supervision and civil works for the diversion structure, feeder canal, dams and main and secondary irrigation canals.

(b) Downstream Development

Through this component, the project will provide: (i) technical and material support to all downstream development activities, including support to the proposed Lower Usuthu Consultative Council; (ii) support to participatory land-use planning (including livestock use); (iii) participatory planning and design of the tertiary distribution system; (iv) support to processes of land and water reform; (v) provision and/or facilitation of short- and medium-term credit for on-farm irrigation works and crops; (vi) facilitation and coordination of agricultural support services; (vii) trials and demonstrations for irrigated crops, range management and fodder conservation; (viii) studies, surveys and TA on market linkages for horticultural and other high-value crops; and (ix) monitoring of downstream development activities.

(c) Environmental Mitigation

Support will be provided for: (i) finalizing and implementing the Resettlement Action Plan, including compensation payments to displaced small farmers; (ii) the Environmental Mitigation Plan, including environmental studies in parallel with detailed engineering designs; (iii) environmental health-awareness campaigns and training; (iv) upgrading of health clinics; (v) staff and farmer training in natural resources conservation; and (vi) environmental monitoring and audit.

(d) Project Coordination and Management

The project will provide technical and material support for a project management unit (PMU) within Swaziland Komati Project Enterprise (SKPE).

IFAD's participation in the proposed multi-donor-supported intervention will be limited to downstream activities directly involving smallholders and part of the environmental mitigation component.

Project Implementation

The project will be implemented over a seven-year period under the overall policy and directional responsibility of the Ministry of Natural Resources and Energy, through the Board and Management of SKPE. The Ministry of Agriculture and Cooperatives will have oversight responsibility for the implementation of agricultural activities. The day-to-day implementation of upstream activities will rest with the PMU within the authority of the Management Board of SKPE, while a downstream development unit, also operating within SKPE and its Board will implement downstream activities. Technical, social and other support services will be contracted out to reputable private-sector agencies and NGOs.

Important Features

The project is in line with IFAD's strategy in Swaziland, which is based on the need to transform SNL agriculture through agricultural intensification, use of improved technologies and purchased inputs. It will support the Government's National Development Strategy by developing the



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water resources of the Lower Usuthu Basin and addressing the socio-economic and legal constraints to further irrigation development, thus enabling smallholder farmers to build upon existing marketing linkages and to diversify, intensify and commercialize agricultural production. The project will similarly facilitate and encourage intensification and commercialization of livestock production to take advantage of the market niche that exists in the project area, thus reducing or arresting the current decline of the natural resource base. IFAD's assistance will be directed to introducing participatory processes into the project cycle and supporting empowerment of the users, by training, local capacity-building and support to reforms. Beneficiaries will be responsible for the development, preparation and implementation of their workplans. The project is also innovative because it will be facilitated by the existence of the strong market linkages for technical support, input supply, credit provision, agroprocessing and marketing. The project will enable IFAD to strengthen its working relationships with a number of other international organizations.

Main Issues

During appraisal, key issues to be addressed will include: (i) resettlement-related questions in consultation with the communities through the proposed consultative council; (ii) sourcing of credit from the private sector, including the issue of providing loan repayment guarantees to financial institutions lending to smallholder growers; (iii) arrangements for the flow of project funds and a common system of procurement in view of the involvement of six potential donors, including IFAD; and (iv) a critical and in-depth review of the likely risk to public health arising from the project.

Previous IFAD Operations

Swaziland has so far benefited from two loans for a total of SDR 10.62 million. One project is currently under implementation.



Region: Asia and the Pacific	Country: Bangladesh
Project Name: Sunamganj Community-Based Resource Management Project	Per Capita GNP¹: 350
Project Cost (USD million): 32.3	Population (million)¹: 126.0
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Highly concessional	Cofinanciers: Discussions ongoing with the Department for International Development (DFID) (United Kingdom)
Present Status: Under appraisal	Appraising Institution and Loan Administrator: IFAD and UNOPS

Project Objectives

With a total population of approximately 2 million, the Sunamganj district has been classified as the seventh poorest district of Bangladesh. The high incidence of poverty is attributed in part to the low cropping intensity as the area is under water for about five-to-six months in the year. Within this context, the principal objective of the proposed project is to increase the income of 135 000 poor households in the Sunamganj district. To this end, the project will: (i) provide credit for on and off-farm income-generating activities; (ii) facilitate access to natural resources; and (iii) support the conservation of the resource base. The project will also promote the development of a sustainable institutional framework, both through the creation of grass-roots institutions and the development of a national institution to replicate the approach. In so doing, it will build on the experience of the United Nations Development Programme (UNDP)-funded South Asia Poverty Alleviation Programme (SAPAP) in Kishorganj, which emphasizes grass-roots institutional development.

Project Beneficiaries

As Sunamganj is a neglected and remote district characterized by destructive flooding patterns, the livelihood-insecurity and vulnerability of the target group remains particularly high. The target group will consist of landless, marginal and small-farmer households and women, representing approximately 246 000 rural households (or 86% of all project area households). Fifty per cent of all households own less than 0.2 ha and a further 35% less than 1 ha. Targeting will give priority to the landless, women-headed households and unemployed youth. Approximately 135 000 households (men and women-headed) are expected to benefit directly from the project.

Project Components

(a) Labour-Intensive Infrastructure Development

Through this component, the project will provide employment opportunities to the poorest members of the communities, particularly women, while reducing erosion and flooding threats. This will be achieved by supporting labour-intensive infrastructure development on a demand-driven basis (e.g. flood control embankment rehabilitation, erosion work, village protection works and village-level storage facilities), while promoting regular savings. Through village organizations (VOs), the beneficiaries will finance 5% of the infrastructure costs through the provision of labour and/or cash.

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(b) **Fisheries Development**

The area offers vast potential for the development of fisheries, both in the flood plains and in ponds. The project will aim at creating the environment for the protection and production of native species through the excavation of *beels* and *khals* and planting the area with swamp trees. In addition, sanctuaries will be created within the excavated areas where fishing will be prohibited to ensure that production is environmentally sound. Village-level technicians (*activists*) will be trained to ensure adequate technical support for the communities in harvesting the fish catch. Five subcomponents will be supported: development of smaller leases; development of larger leases; assistance for *Tanguar Haor*; pond fisheries for indigent women; and support for fisheries development.

(c) **Crop and Livestock Production**

In the lowlands, the project will support the provision of credit for the purchase of ducks and cattle for fattening through natural and supplementary feeding. In the uplands, it will promote the production of goats and milch cows, in addition to duck rearing and cattle fattening. Animal health services will be improved by supporting Department of Livestock Services (DLS) staff to train village-level *activists*. Through this component, the project will make available for cultivation 2 430 ha of Government *khas* land to disadvantaged groups, the latter to be supported through credit and TA. Technology will be promoted and developed through three subcomponents: (i) research on introduction of fodder crops and development of integrated farming systems; (ii) demonstration of technology; and (iii) support to the DLS and the Department of Agricultural Extension to train farmers and provide TA.

(d) **Microfinance**

The project will provide access to village-level savings and credit services to promote high-value products with established marketing chains (livestock and fisheries). The project will create 4 492 VOs, 50% of which will be women, and build them up as financial intermediaries to service the poor. Training will be provided to both VO managers and VO presidents to administer savings and loan operations, and to village-level technicians for the provision of technical support to beneficiaries. The VOs will retail credit to the members, with the VO manager maintaining records and granting loans after suitable training. Credit will be provided only to members who have saved with the VOs for at least six months. The poorest members of the VOs will be granted loans on a priority basis. IFAD funds will be restricted to the target group defined as those with holdings below 1 ha.

(e) **Institutional Support**

With the objective of ensuring the financial viability of SAPAP, the project will finance: (i) TA to institutionalize the operations of SAPAP; (ii) the cost of establishing the SAPAP offices in Sunamganj and in all *upazilas*, including staff salaries, purchase of equipment, furniture and travel costs of the personnel involved; and (iii) the strengthening of grass-roots institutions and mechanisms that will assist them. The project will train two activists per village to work as village extensionists in fisheries, livestock and cropping and recruit 86 social organizers (SOs) to undertake community mobilization. Support will be also provided for the establishment of the PMU in Sunamganj.

Project Implementation

This ten-year project will be implemented in three phases, using the FLM, under the overall responsibility of the Ministry of Local Government, Rural Development and Cooperatives. An inter-ministerial steering committee will coordinate policy matters. Coordinating committees will be established at the district and *upazila* levels. At the village level, the beneficiaries, VOs, lake



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management committees, extension groups, infrastructure construction and maintenance groups will play a major role in planning and implementation.

Important Features

The project is in line with IFAD's strategy for Bangladesh, which aims at assisting vulnerable and marginalized groups in remote areas such as the deeply flooded areas (*haors*). The project will: (i) support a system of financial intermediation at the village level, with management of savings and credit undertaken by the managers of VOs; (ii) facilitate community management and access rights to productive resources (both land and water) in the *haor* areas of Bangladesh; in so doing, the project will build on IFAD's successes and lessons learned under the Oxbow Lakes Small-Scale Fishermen Project, which led to a major redistribution of productive resources in favour of the target group and the granting of 50-year fishing leases for project fisher groups; (iii) support habitat restoration as a means of enhancing fish production and higher fish availability with attendant benefits for the poor who rely on subsistence fishing for livelihood security; (iv) attempt to reach the extreme hardcore poor by promoting partnerships among the poorest individuals and VOs; and (v) address the strategic gender needs of the target group. An important feature of the project is the institutionalization of SAPAP as a national self-financing institution. Strategic partnerships will also be developed with DFID for the purpose of supporting sustainable livelihoods.

Main Issues

The following issues will be addressed during appraisal: (i) the adequacy or otherwise of targeting provisions in project design; (ii) assessing the impact of the project on women's workload and taking account of the conclusions reached; (iii) a review of the medium-term funding situation of SAPAP, and establishing its potential to become independently sustainable in the longer run; (iv) identifying the policy dialogue requirements related to the land-use issues in project design, and sustaining the dialogue; (v) clarifying how the project design fits into IFAD's strategy for rural finance development in the country and into IFAD's recently-enacted rural finance policy framework; and (vi) firming up cofinancing arrangements with DFID.

Previous IFAD Operations

IFAD has provided 19 loans to Bangladesh for a total of SDR 188.24 million. Seven projects are currently under implementation.

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Region: Latin American and the Caribbean	Country: Grenada
Project Name: Rural Enterprise Project	Per Capita GNP¹: 3 250
Project Cost (USD million): 7.0	Population (million)¹: 0.96
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Intermediate	Cofinancier: Caribbean Development Bank (CDB)
Present Status: Under appraisal	Appraising Institution and Loan Administrator: IFAD and CDB

Project Objectives

As a result of problems faced by the agricultural sector over the last few years and the dramatic decline in the banana industry, Grenada registers one of the highest unemployment rates in the Caribbean (estimated at around 15% in 1998) and a high rate of underemployment in rural areas. The emerging tourism sector alone has not provided solutions to the vulnerability of small economies. It is estimated that almost one third of the country's population lives below the poverty line, particularly young persons, and that 12.9% of the population is extremely poor, unable to meet even the cost of minimal food requirements.⁵ Women and children are most seriously affected by poverty. Therefore, the main goal of the proposed project will be to reduce rural poverty in a sustainable and gender-equitable manner by offering rural households the opportunity to enhance their income through helping them to identify and realize economic opportunities. The project's specific objectives will be to: (i) diversify, improve and sustain beneficiary income-earning activities; (ii) strengthen capacity and build confidence at the level of the rural community; (iii) strengthen the capacity of rural service providers to better respond to community needs; (iv) promote efficient and environmentally-sustainable production and processing activities; and (v) foster sector and market linkages.

Project Beneficiaries

The project will operate nation-wide, with certain activities benefiting all three islands in the country (Grenada, Carriacou and Petit Martinique). However, certain rural communities will be targeted because of their incidence of rural poverty. The involvement of these rural communities will be phased-in during the course of project implementation. Forty-nine communities are expected to participate in the project's community participation component. The target group will consist of approximately 3 000 households (or 12 000 people), of which 2 000 are indigent households. At least 2 920 smallholder farmers and 80 microentrepreneurs are expected to benefit directly from the project. In addition, 1 500 households will benefit indirectly from investments under the Rural Investment Fund (RIF), in terms of infrastructure, TA and training.

Project Components

(a) Community Participation and Support

Support will be provided for community mobilization and strengthening. The community development promoter, in consultation with the community, will select a rural service provider (NGO) to become co-executing agency for the project. The co-executing agency will work alongside the community in developing a community plan (CP) whereby needs, priorities and feasible activities will

⁵ According to the Caribbean Development Bank's Poverty Assessment Report (year 1999)

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be identified. Rural service providers will be strengthened through training. CPs requiring financing will be presented to the project coordination team (PCT) for financing, on a non-reimbursable basis, under the RIF (e.g. pre-investment support, marketing infrastructure and trade support, socio-productive infrastructure investment and eco- and agro-tourism-related investments).

(b) Enterprise Development

The aim of the component is to develop viable enterprises that are able to respond efficiently and effectively to market demand. To this end, two subcomponents will be supported: (i) production and services, including crop, livestock and fisheries development, extension and technical service support; and (ii) marketing and processing, by financing marketing infrastructure and processing equipment; improving market information and promotion capacity; improving product design, quality and presentation (craft marketing); and training sessions for quality control, preservation, processing and packaging.

(c) Rural Financial Services

In order to support small businesses and microenterprises identified through the enterprise development component, the project will seek to increase the access of beneficiary households to efficient financial services, supporting local institutions to enhance their management and performance. This will be pursued through: (i) financing of fixed assets through a microcapital investment facility (CIF). The CIF will be implemented on a pilot basis to finance, on a reimbursable basis, promising and viable private initiatives; (ii) provision of collateral to financial intermediaries through a loan guarantee fund; and (iii) provision of a credit line to selected intermediaries to increase their portfolio among the rural poor. The RIF and the CIF will be managed by a local commercial bank.

(d) Project Coordination

The project will establish a PCT responsible for the management and organization of project activities, including support to and coordination of rural service providers contracted through the project. It will also assist the Government of Grenada to establish a national coordinating body for rural development.

Project Implementation

The Ministry of Finance will be responsible for the implementation of this six-year project. It will play an important role in terms of providing policy direction, coordination of line ministries and other bodies and in the disbursement of funds to the project. Project activities will be coordinated by the PCT established within the Ministry of Finance. A project director reporting to a project coordinating committee (PCC) will head it. A new national body, the Rural Development Trust (RDT), will be established for coordinating services and funds. The PCC/RDT will have overall responsibility for the coordination and guidance of the project.

Important Features

The project is in line both with the Government of Grenada's national development priorities and IFAD's Regional Strategic Opportunities Paper for Eastern Caribbean Countries (RESOP). Project-supported activities will be demand-driven and gender-sensitive. A promising initiative is the development of an organic-produce sector with private-sector involvement. The project will promote the sustainable use of natural resources in Grenada and propose new instruments and facilities in rural financial services. Through the proposed RDT, the project expects to move to a more coordinated thrust to reduce rural poverty.



Main Issues

The following issues will be addressed during appraisal: (i) to review the rural financial services component and assess the possibility of supporting credit unions to extend their reach into the rural areas; (ii) to look into the production and services subcomponent, including the establishment of priorities; (iii) to define the market more accurately, including market potential and constraints; and (iv) on entrepreneurship, to consider developing links between the project, the private sector and schools.

Previous IFAD Operations

IFAD has financed one project in Grenada for a total of SDR 1.37 million. The project was closed in 1989.

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Region: Near East and North Africa	Country: Bosnia and Herzegovina
Project Name: Livestock and Rural Finance Development Project	Per Capita GNP¹: ⁶
Project Cost (USD million): 25.1	Population (million)¹: 4.0
IFAD Loan (USD million): To be determined	Leading External Financier²: IFAD
Proposed Terms: Highly concessional	Cofinanciers: the OPEC Fund. Discussions ongoing with the Swedish International Development Agency (SIDA) and the United States Department of Agriculture (USDA)
Present Status: Under appraisal	Appraising Institution and Loan Administrator: IFAD and UNOPS

Project Objectives

In view of the country's agroecological conditions, the key to revival of the rural economy lies in addressing the underlying problems of the livestock sector and supporting the process of transition to the market economy which was stalled by war. Therefore, the overall objective of the proposed project will be to develop a replicable model of sustainable small-scale commercial livestock production, which will demonstrate the income-earning potential of the livestock sector. To achieve this, the project will aim at helping the rural poor, men and women, by contributing towards the development of small-scale, private-sector, market-oriented livestock production, with a view to generating sustainable increases in household incomes, ensuring food security and contributing to the social stability and prosperity of rural communities. More specifically, the project will seek to: (i) support the development of smallholder livestock production through provision of credit to smallholder farm households and others who are willing to increase or start livestock production; (ii) provide farmers with access to appropriate support services; (iii) develop and improve linkages with the market, with special reference to dairy marketing; (iv) develop supplementary/alternative income-earning opportunities and provide backward and forward linkages for the livestock producers; and (v) reconstruct and/or rehabilitate essential rural infrastructure to provide a supportive environment for people to return to and pursue economic activities.

Project Beneficiaries

Project activities will focus initially on traditional livestock production areas in both entities – the Federation of Bosnia and Herzegovina and Republika Srpska. Overall the target group will comprise small farmers among the resident and returnee populations, including previous IFAD borrowers within the project area. Eighty per cent of the target group has landholdings less than 5 ha and 60% with less than 2 ha. Special efforts will be made to ensure the extensive inclusion of women, particularly households that are headed by women as a result of the war. Approximately 9 000 individual or women-headed households will be targeted. The project is expected to have a positive impact on the income and quality of life of around 21 000 households (approximately 84 000 people) who will benefit from improvements in rural infrastructure. Of these, around 5 400 households will also benefit from access to credit and assistance to upgrade livestock production and from membership of the savings and credit associations (SCAs), while a further 4 000 households will benefit from access to credit through the SCAs.

⁶ Estimated to be lower-middle-income (USD 761 to USD 3 030)

Project Components

(a) Livestock and Enterprise Development

Support will be provided through: (i) establishment of producers' associations (mainly milk producers' associations, dairy farmers and sheep producers) who, in turn, will facilitate access to markets and provide a range of services to members; an NGO will be responsible for mobilizing farmers, facilitating the development and establishment of producers' associations and providing training; a line of credit will be made available through a commercial bank for the provision of loans for livestock purchase and related activities; extension services will be improved by focusing on the development of demonstration farmers/resource persons among the members of the producers' associations (at least 50% of the resource persons will be women), along with the provision of training to municipality extension staff, master trainers or subject matter specialists, and resource persons; (ii) provision of assistance to participating mini-dairies through appropriate marketing strategies, advice and assistance for product development and dairy management, including the provision of TA to build the capacity of a dairy development support group; and credit both for upgrading and expanding dairies and for investment in collection centres and transport and/or improvements in the distribution network; and (iii) promotion of small and medium enterprises through the provision of business development services and access to credit.

(b) Microfinance Development

The project will promote the development, on a pilot scale, of self-managed, village-based SCAs (approximately 36) to provide access to small amounts of credit, which the formal sector cannot provide, for working capital and for the development of supplementary income-generating activities such as bee-keeping, vegetable production, food processing, trade and services. The mobilization of savings will be encouraged once the appropriate legal framework is in place. In the meantime, the project will provide an equity grant of up to convertible marks (KM) 10 000 in two tranches to increase the resources for on-lending. Once SCAs have demonstrated sustainability and are operating under prudential regulations, they will be eligible to borrow additional funds from the project credit line. The project will contract an experienced microfinance international NGO to establish a project microcredit organization (PMCO) as an independent structure for promoting the establishment of SCAs and for the channelling of credit to SCAs.

(c) Rural Infrastructure Reconstruction

Support will be provided for the reconstruction of public/community infrastructure in rural areas, particularly in the localities that are the focus of the project's livestock development activities. Assistance for rural infrastructure will be demand-driven, based on requests for assistance submitted directly by project communities to the project coordination units (PCUs) in each entity. Two types of infrastructure reconstruction microprojects will be financed: (i) community-implemented works; and (ii) contractor-implemented works comprising larger and more complex works. Communities will be expected to contribute in cash or through the provision of labour and local materials. An NGO will be contracted to implement this component.

(d) Project Management

The project will support: (i) the operations of the PCUs in each entity, including incremental salaries and allowances, vehicles, office equipment, TA, staff training and study tours; and (ii) the establishment of a development initiatives fund.



ANNEX A

Project Implementation

The Ministries of Agriculture in each of the entities will be responsible for implementing this six-year project. Overall strategy and policy guidance will be provided by the project steering committees established in each entity. The PCUs will be coordinating rather than implementing agencies and will be responsible for annual programming, financial management, contracting and supervision of implementing agencies, monitoring of implementation, reporting and evaluation. Inter-entity implementation workshops, with the participation of all project implementation agencies of both entities, will be held yearly.

Important Features

The proposed project represents a transition from emergency aid towards sustainable development of the rural economy. Drawing on the lessons of experience of previous projects, and of donors' projects, an integrated approach will be adopted to ensure that livestock producers financed under the project are supported by appropriate linkages to market opportunities. The project will devolve responsibility to the communities and through the producers' associations, SCAs and microproject committees and will strengthen the role of community institutions in planning and managing development initiatives, thereby promoting self-reliance. The project will forge linkages with the private sector through development of commercial partnerships between the producers' associations and private dairies. In all project activities, emphasis on the needs and demands of women will be maintained. In addition, the project will seek to ensure that women hold at least 50% of the management positions within the producers' associations. Finally, the involvement of NGOs as partners in project implementation is a new feature of IFAD involvement in Bosnia and Herzegovina.

Main Issues

These include: (i) identify an appropriate commercial banking partner at the present time in view of the uncertainty in the financial landscape in Republica Srpska due to the ongoing process of privatizing banks; (ii) ensure that coordination mechanisms are established between the PCUs in the two entities to ensure that there is no duplication of activities in areas close to the border; (iii) explore the possibility of financing TA requirements through bilateral donors funding; (iv) obtain agreement with the Government on the interest rate that would be charged as the cost of funds to the commercial banks operating the credit line under the project and the repayment period from the banks to the Government; and (v) carefully look into the criteria for selecting NGO implementation partners to ensure their commitment to the project approaches and adequacy of implementation capacity.

Previous IFAD operations

Two projects, of which one was IFAD-initiated, have been financed for a total of SDR 14.45 million. The Small Farm Reconstruction and Development Project is currently under implementation, and is due to close during the course of 2001.

**PROJECTS UNDER CONSIDERATION – 2000-2001
CLASSIFIED BY STAGE OF PROCESSING**

Region	Country	Population (million) 1/	GNP Per Capita Income (1998) (USD)	Project Name	Nature of Project	Tentative Loan (USD million)	Primary IFAD Contact	Included in Annex A	Tentative Executive Board Presentation
SEVENTIETH SESSION OF THE EXECUTIVE BOARD, DECEMBER 2000									
Africa I	Senegal	9.0	520	Village Organization and Management Project – Phase II	Rural development/ Community development	13.5	Mr Ben-Senia	EB 69/May 00	Dec 2000
Africa II	Kenya	29	350	Central Kenya Dry Area Smallholder and Community Services Development Project	BSF Operations/ Rural credit	11.30	Mr Williams	EB 69/May 00	Dec 2000
	Lesotho	2	570	Sustainable Agriculture and Natural Resources Management Programme	Agricultural development	8.40	Mr Gicharu	EB 69/May 00	Dec 2000
	Madagascar	15	260	Upper Mandrare Basin Development Project – Phase II	Rural development	13.0	Mr David e Silva	EB 70/Sep 00	Dec 2000
	Tanzania, United Republic of	32	220	Rural Financial Services Programme	Financial services	16.34	Mr Faisal	EB 70/Sep 00	Dec 2000
	Uganda (X)	21	310	National Agricultural Advisory Services Programme	Extension	17.5	Mr Yayock	EB 70/Sep 00	Dec 2000
Asia and the Pacific	Cambodia	11	260	Community-Based Rural Development Project in Kampong Thom and Kampot	Rural development	10.0	Mr Wang	EB 70/Sep 00	Dec 2000
	China	1 239	750	West Guangxi Poverty-Alleviation Project	Rural development/ Microfinance	30.4	Mr Martens	EB 70/Sep 00	Dec 2000
	D.P.R. Korea	23	2/	Uplands Food Security Project	Agricultural development	24.4	Mr Musharraf	EB 70/Sep 00	Dec 2000
	Pakistan	132	470	South Federally Administered Tribal Areas Development Project	Rural development	17.2	Mr Attig	EB 69/May 00	Dec 2000



Region	Country	Population (million) 1/	GNP Per Capita Income (1998) (USD)	Project Name	Nature of Project	Tentative Loan (USD million)	Primary IFAD Contact	Included in Annex A	Tentative Executive Board Presentation
Latin America and the Caribbean	Uruguay	3	6 070	National Smallholder Support Programme – Phase II	Rural development	14.0	Mr Glikman	EB 70/Sep 00	Dec 2000
Near East and North Africa	Morocco	28	1 240	Rural Development Project in the Mountain Zones of Al-Haouz Province	Rural development	18.02	Mr Nourallah	EB 70/Sep 00	Dec 2000
APPRAISAL COMPLETED									
Asia and the Pacific	Viet Nam (X)	77	350	Rural Microfinance Project 3/	Rural financial services	To be determined	Mr Prayer Galletti	EB 54/Apr 95	To be determined
Near East and North Africa	Armenia	4	460	National Agricultural Services Project	Agricultural development/ Financial services	To be determined	Mr Slama	EB 70/Sep 00	Apr 2001
UNDER APPRAISAL									
19 Asia and the Pacific	Bangladesh	126	350	Sunamganj Community-Based Resource Management Project	See Annex A	To be determined	Mr Roy/ Mr Brett		Apr 2001
	Pakistan (X)	132	470	NWFP Barani Area Development Project – Phase II	Rural development/ Natural resource management	To be determined	Mr Attig		Apr 2001
	Philippines	75	1 050	Northern Mindanao Community Initiatives and Resource Management Project (CIREMP)	Rural development/ Communities development	14.0	Mr Ramesh/ Ms Lucchetta	EB 69/May 00	Apr 2001
Latin America and the Caribbean	Grenada	0.96	3 250	Rural Enterprise Project	See Annex A	To be determined	Ms Vargas-Lundius		Apr 2001
	Haiti	8	410	Programme for the Support of Productive Initiatives in Rural Areas 4/	Rural development	To be determined	Mr Gariglio		Apr 2001
Near East and North Africa	Bosnia and Herzegovina	4	n.a. 5/	Livestock and Rural Finance Development Project	See Annex A	To be determined	Mr Hassani		Apr 2001

Region	Country	Population (million) 1/	GNP Per Capita Income (1998) (USD)	Project Name	Nature of Project	Tentative Loan (USD million)	Primary IFAD Contact	Included in Annex A	Tentative Executive Board Presentation
FORMULATION/PREPARATION COMPLETED									
Africa I	Congo	3	680	Marketing and Rural Finance Project	Marketing and rural credit	To be determined	Mr Nsimpasi	EB 60/Apr 97	To be determined
Asia and the Pacific	India	980	440	Second Orissa Tribal Development Project	Tribal development	To be determined	Mr Khadka		
Latin America and the Caribbean	Colombia	41	2 470	Development of Small-Scale Fisheries and Aquaculture Project	Fisheries	To be determined	Mr Haudry de Soucy	EB 63/Apr 98	
UNDER FORMULATION/PREPARATION									
Africa I	Sao Tome and Principe	0.1	270	Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme	See Annex A	To be determined	Ms Sparacino		Apr 2001
	Sierra Leone	5	140	Rural Sector Support Programme	Rural development	To be determined	Mr Tounessi		
Africa II	Eritrea	4	200	Gash Barka Livestock and Agricultural Development Project	Area development	To be determined	Mr Sorensen		
	Malawi	11	210	Rural Livelihoods Support Programme 6/	Rural development	To be determined	Mr Sorensen		Apr 2001
	Mozambique	17	210	Sofala Bank Artisanal Fisheries Project	Fisheries	To be determined	Mr Heinemann		
	Namibia	2	1 940	Southern Communal Areas Development Programme	Area development	To be determined	Mr Williams		
	Swaziland	1	1 400	Lower Usuthu Smallholder Irrigation Project (LUSIP) 7/	See Annex A	To be determined	Mr Yayock		Apr 2001
Asia and the Pacific	Indonesia	204	640	East Kalimantan Upland Development Project	Rural development	To be determined	Mr Prayer Galletti		
	Nepal	23	210	Western Uplands Development Programme	Rural development	To be determined	Mr Khadka		

Region	Country	Population (million) 1/	GNP Per Capita Income (1998) (USD)	Project Name	Nature of Project	Tentative Loan (USD million)	Primary IFAD Contact	Included in Annex A	Tentative Executive Board Presentation
Near East and North Africa	Algeria	30	1 550	Pilot Project for the Development of Mountain Agriculture in the Province of Skikda	Rural development	To be determined	Mr Nourallah		Apr 2001
	West Bank and Gaza	3	1 560	Natural Springs Rehabilitation Programme	Irrigation	To be determined	Mr Hassani		
INCEPTION/IDENTIFICATION COMPLETED									
Africa I	Cameroon	14	610	Community Development Project	Rural development	To be determined	Ms Trupke		
	South Africa	41	3 310	Rural Financial Systems Development Project	Rural credit	To be determined	Mr Heinemann		
Near East and North Africa	Lebanon	4	3 560	Cooperative Rural Finance Programme	Financial services	To be determined	Mr Abdouli		
	Turkey	63	3 160	Participatory Livestock, Forage and Rangeland Development Programme	Livestock	To be determined	Mr Hassani		
UNDER IDENTIFICATION/INCEPTION									
Asia and the Pacific	Laos	5	320	Support for Rural Credit Project	Credit	To be determined	Mr Wang		
	Sri Lanka	19	810	Second Small Farmers Rural Credit Project	Credit	To be determined	Mr Ramesh/ Ms Lucchetta		
Latin America and the Caribbean	Chile	15	4 990	Southern Region Agricultural Development Project	Agricultural development	To be determined	Mr Murguia		
	Costa Rica	4	2 770	Canton of Talamanca Sustainable Development Project	Agricultural development	To be determined	Mr Bettink		
	Costa Rica	4	2 770	Fostering of Rural Agro-Industry-Managed Small Farmers' Project	Agro-industries	To be determined	Mr Bettink		





ANNEX B

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 Governments.
- 1/ 1998 data from 2000 *World Bank Atlas*.
- 2/ Estimated to be low-income (USD 760 or less).
- 3/ The project may need to be reformulated.
- 4/ Former Fund for the Support of Productive Initiatives in Rural Areas.
- 5/ Estimated to be lower-middle-income (USD 761 to USD 3 030).
- 6/ Former Southern Region Agricultural and Rural Development Programme.
- 7/ Former Lower Usuthu River Basin for Smallholder Agricultural Intensification.