



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
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Rome, 5-6 December 2001

**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

**RWANDESE REPUBLIC**

FOR THE

**UMUTARA COMMUNITY RESOURCE AND INFRASTRUCTURE DEVELOPMENT  
TWIN PROJECT**



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## CURRENCY EQUIVALENTS

Currency unit	=	Rwandan franc (RWF)
USD 1.00	=	RWF 445
RWF 1.00	=	USD 0.0022

## WEIGHTS AND MEASURES

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

## ABBREVIATIONS AND ACRONYMS

DRSA	<i>Département Régional des Services Agricoles</i> (Regional Agricultural Services Directorate)
GRFs	Group Revolving Funds
ISAR	<i>Institut des Sciences Agronomiques du Rwanda</i> (National Agricultural Research Institute)
NGO	Non-Governmental Organization
PCU	Project Coordination Unit
RDB	Rwanda Development Bank
UCRIDP	Umutara Community Resource and Infrastructure Development Project
WID	Women in Development
WIF	Women's Investment Fund

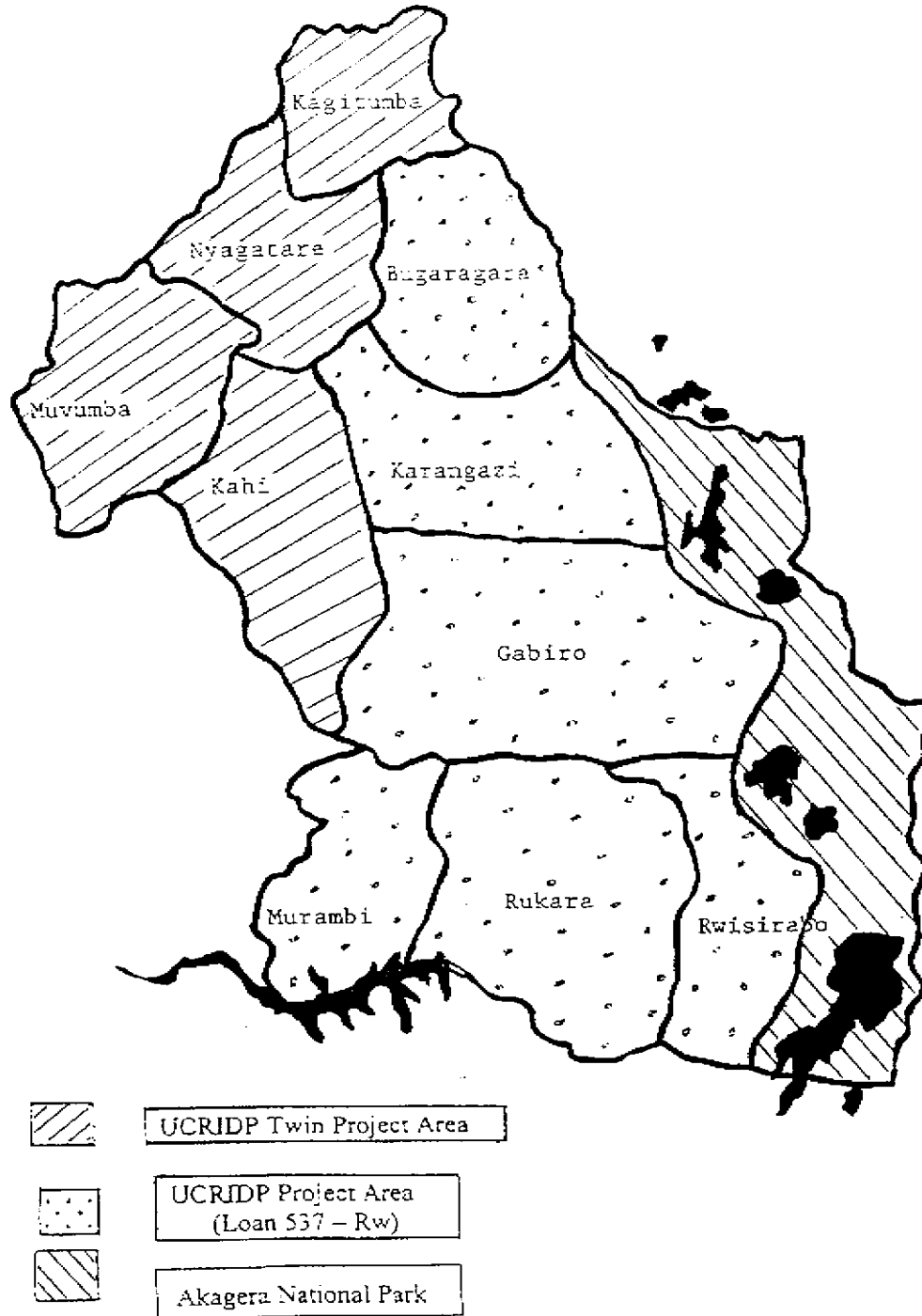
## GOVERNMENT OF THE RWANDESE REPUBLIC

### Fiscal Year

1 January - 31 December



### MAP OF THE PROJECT AREA



Source: IFAD

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



## **RWANDESE REPUBLIC**

### **UMUTARA COMMUNITY RESOURCE AND INFRASTRUCTURE DEVELOPMENT TWIN PROJECT**

#### **LOAN SUMMARY**

<b>INITIATING INSTITUTION:</b>	IFAD
<b>BORROWER:</b>	Rwandese Republic
<b>EXECUTING AGENCY:</b>	Ministry of Finance and Economic Planning
<b>TOTAL PROJECT COST:</b>	USD 24.2 million
<b>AMOUNT OF IFAD LOAN:</b>	SDR 9.4 million (equivalent to approximately USD 12.0 million)
<b>TERMS OF IFAD LOAN:</b>	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
<b>COFINANCIERS:</b>	OPEC Fund Non-governmental organizations (NGOs)
<b>AMOUNT OF COFINANCING:</b>	OPEC Fund: USD 8.0 million NGOs: USD 534 900
<b>CONTRIBUTION OF BORROWER:</b>	USD 2.5 million
<b>CONTRIBUTION OF BENEFICIARIES:</b>	USD 1.2 million
<b>APPRAISING INSTITUTION:</b>	IFAD
<b>COOPERATING INSTITUTION:</b>	United Nations Office for Project Services (UNOPS)



## PROJECT BRIEF

**Who are the beneficiaries?** The intended beneficiaries of the Umutara Community Resource and Infrastructure Development Twin Project are 35 000 families living in three districts and the municipality of Mutara in Umutara Province who are not covered by the ongoing Umutara Community Resource and Infrastructure Development Project (UCRIDP) funded by IFAD and the OPEC Fund. The target group comprises all the poor people living at the poverty threshold or well below the poverty line in the project areas, for a total of about 40 000 households. Vulnerable, very poor households account for about 7 000 of the total project households.

**Why are they poor?** The twin project area is both resource-poor and densely populated. As in the rest of the province, the roots of the problem lie in the limited capacity of the public administration and of community organizations to plan, implement and maintain participatory and sustainable development. Perceived causes of poverty include lack of water supply (for domestic and livestock use), low crop and animal productivity, fragile soils and often overexploited grazing resources, lack of good-quality planting material of improved varieties, poor animal health, lack of inputs for better animal care, illiteracy and inadequate information on markets and technology, inadequate financial services, poor road networks that isolate farmers from markets and market information, climatic hazards, and scarcity of wood, particularly fuel wood.

**What will the proposed project do for them?** Like the UCRIDP, the twin project is expected to generate both tangible and non-tangible benefits. The most important project benefit – better governance – would be non-tangible. Together, the institutional development activities and the project approach will establish new organization cultures (in terms of efficiency in service provision, transparency and accountability) in the public administration at all levels and among the people as well. This will bring about a closer relationship between people and the public administration, and provide the public administration with the means and new working methods to go about its tasks. The implementation of the new project will unify approaches and resource availability throughout the province, providing evidence of support to the Government's decentralization policy that might be replicated elsewhere in the country on a provincial basis. Tangible benefits will accrue to people in the form of improved water supply for domestic and animal use, better access to markets, good quality, improved seed, a more effective process of technology generation and transfer based on participatory diagnosis of farmers' problems, improved animal health services, a network of sustainable local microfinance organizations, and credit for small- and medium-size enterprises that create direct and indirect employment opportunities for the target group.

**How will the beneficiaries participate in the project?** The core of the project consists of a system of bottom-up planning and implementation, a corresponding system of service delivery and a participatory evaluation of the services provided. Service providers, including all public agencies, will operate under renewable contractual arrangements, with renewal subject to satisfactory performance as determined by the end-users. Like the UCRIDP, the twin project will respond to effective demand from the communities, as evidenced by their willingness to contribute their share of the cost of the activities they wish to undertake, with the project providing matching grants in support of such activities.



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TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE  
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TWIN PROJECT**

I submit the following report and recommendation on a proposed loan to the Rwandese Republic for SDR 9.4 million (equivalent to approximately USD 12.0 million) on highly concessional terms to help finance the Umutara Community Resource and Infrastructure Development Twin Project. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the United Nations Office for Project Services (UNOPS) as IFAD's cooperating institution.

**PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY<sup>1</sup>**

**A. The Economy and Agricultural Sector**

1. Rwanda is a resource-poor, overpopulated and landlocked country beset by chronic poverty and civil strife. Its population of about 8 million people is predominantly rural (90%) and is growing at roughly 3% per year. The genocide of 1994 resulted in the destruction of much of the country's social fabric, human resource base, institutional capacity, and economic and social infrastructure. Peace has now been restored to most of the country. A total of 3.8 million persons, including internally displaced persons and returned refugees, have been resettled and reintegrated into society. In 1997, the Government adopted a transitional programme to consolidate the fragile socio-economic recovery attained during 1995-96 and to lay the foundations for national reconciliation, sustainable economic growth, participatory decision-making and poverty reduction. In 2001, the Government launched a far-reaching administrative reform effort to implement its decentralization policy.

2. The economy has rebounded since the 50% decline in 1994, which had been triggered by the genocide. Nevertheless, real gross domestic product (GDP) in 1996 stood at only 72% of the 1990 level. Inflation dropped from 62% in 1994 to 9% in 1996. Following the Government's policy reforms, growth has continued on a sustained basis, supported by prudent fiscal policies, recovery of exports, and massive inflows of external grants and loans on highly concessional terms. Per capita income, which was USD 250 in 1993, had fallen to USD 180 in 1996 but recovered to USD 237 by 1999. Fiscal imbalances improved significantly as a result of tax-rate adjustments, tax and customs administration reform, and inflows of external grants and food aid. Inflation is now about 5% per annum. The external value of the Rwandese franc remained relatively stable through mid-2000, but has since lost 25% of its value vis-à-vis the United States dollar as a result of the latter's strong appreciation. This trend, combined with high petroleum prices and low coffee prices, has generated strong pressure on the balance of trade.

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<sup>1</sup> See Appendix I for additional information.





3. Rwanda's external debt rose from under USD 400 million in 1987 to USD 1.2 billion by the end of 1999, by which time the internal public debt had also risen to about USD 250 million equivalent. A World Bank-administered trust fund was established in 1998 to service Rwanda's multilateral debt (including its debt to IFAD) until end-2001. It is hoped that Rwanda will subsequently be extended permanent debt relief under the Debt Initiative for Heavily Indebted Poor Countries.

4. Agriculture is practised on all land types, including land of marginal quality and on steep slopes. In the highlands, population pressure has reduced the amount of arable land available to an average of 1.5 hectares (ha) per household. In large parts of the hill country, however, soils are fertile, and the bimodal rainfall makes two crops a year possible, with a third crop grown in the valley bottoms. Because of the slopes, most of the arable land requires soil conservation measures and manuring to prevent the loss of natural fertility. Some 13% of the arable land is under perennial export crops, mostly coffee and tea. Other crops are also marketed, mainly bananas, sorghum, beans, peas and maize.

5. Traditionally, livestock has represented an important source of manuring for smallholders and a way to accumulate capital and insure households against risk. Small livestock is present on most farms, which are primarily held and managed by women. Both cattle and small livestock were decimated during the genocide. A large number of cattle are presently found in the north-eastern part of Umutara Province, thanks to the large herds brought back by the 'old-case load' refugees returning from the United Republic of Tanzania and Uganda. Umutara's cattle currently produce a large share of the milk and meat traded in Rwanda.

6. Rwanda's **national development policy** calls for the preservation of an atmosphere of peace and security, the restoration and strengthening of national unity, the resettlement and reintegration of all refugees and victims of genocide, respect for the right of all refugees to return to Rwanda, and the development of human resources and the national economy. The Government is committed to increased public participation, the rule of law, respect for human rights, and decentralization of decision-making as essential to the pursuit of good governance.

7. The **administrative reform** of January 2001 established democratically elected assemblies and development committees at the cell, sector and district levels and entrusted them with a series of important responsibilities. At the same time, operational units of a number of line ministries have been decentralized to the district level and tasked with assisting the district-level assemblies in implementing their development policies.

8. The **national strategy for agriculture** identifies constraints on agricultural productivity and action needed to address them. The strategy includes rehabilitating support infrastructure and extension services and promoting agricultural intensification, with a view to increasing rural incomes, enhancing food security and encouraging private investment and market-oriented farm management.

9. In November 2000, the Government issued its **Interim Poverty Reduction Strategy Paper (I-PRSP)**. The I-PRSP emphasizes the expected impact of the decentralization policy, which is creating an enabling environment for capacity-building and decision-making at the lower levels of local government and among grass-roots civil-society organizations. Strategic approaches specifically oriented to rural poverty reduction include promoting the security of land tenure, developing microfinance institutions based on savings mobilization, enhancing natural-resource management and efforts to control land degradation, investing in rural transport and market infrastructure, fostering participatory agricultural-technology generation and transfer and demand-driven agricultural research, working to reduce rural food insecurity, and promoting off-farm income-generating activities and employment.



## B. Lessons Learned from Previous IFAD Experience

10. IFAD's ongoing assistance in Rwanda totals about USD 51 million in highly concessional loans for six projects: three agricultural and rural development projects, a microenterprise and small-business development programme, the Rwanda Returnees' Emergency Rehabilitation Programme, and a community development project. In addition, the Belgian Survival Fund Joint Programme has provided a grant to finance a social and health programme. The experience gained from these interventions points to problems associated with weak government administration, given the loss of so many of the most experienced officers during the civil war. At the same time, a number of capable non-government organizations (NGOs), private enterprises and individual technicians are currently present in the country.

11. The main lessons learned are:

- (i) special attention should be paid to the mobilization of local communities to ensure that project activities are relevant and that beneficiaries are capable of operating and maintaining facilities built by projects;
- (ii) planning must take account of the time needed for the emergence of community-driven development action and for the building-up of local ownership;
- (iii) there is a need for new approaches to agricultural-technology development;
- (iv) alternative ways of providing financial services should be introduced to compensate for the lack of interest on the part of commercial banks to provide such services to the target group; and
- (v) the supply of inputs to farmers no longer calls for government intervention, except in the case of clean and improved planting material.

## C. IFAD's Strategy for Collaboration with Rwanda

12. **Poverty eradication.** The genocide and civil war of 1994 caused a catastrophic rise in poverty in Rwanda, with approximately 70% of all households living below the poverty line in 1997 as compared with 53% in 1993. One dramatic effect of the 1994 events has been the change in the proportion of woman-headed households, which increased from 21% to 34% between 1992 and 1996. The depth of poverty has increased and its geographical profile has changed. The Government regards the development of agriculture and of the rural economy as critical to sustaining economic recovery, creating employment and reducing poverty. The promotion of private small-scale enterprises, the enhancement of the role of women, the provision of rural economic and social infrastructure, and the development of efficient goods and financial markets are key elements of the Government's rural development strategy. A land-policy statement, aimed at securing tenure and improving land use, is under preparation.

13. **IFAD's strategy in Rwanda** is guided by the Country Strategic Opportunities Paper (COSOP) approved in July 2001, and it reflects three basic strategic guidelines, namely: (a) emphasis on institutional development to empower the target group's basic rural organizations; (b) exploitation of all potential means of increasing the income of the rural poor via, *inter alia*, food and cash crops, livestock, non-farm income-generating activities, farmer demand-driven research and development, and measures to attenuate the impact of market imperfections and improve the incentives system; and (c) greater focus on potential synergies among ongoing IFAD projects in the country.

14. **IFAD's immediate objectives** and strategic thrusts in Rwanda include supporting the Government's decentralization policy, developing sustainable microfinance institutions, introducing new participatory ways of promoting technology generation and transfer, supporting small and



medium-size enterprises for income diversification and employment generation, developing community infrastructure, and cross-cutting emphasis on women's participation and development.

15. These strategic considerations were already embodied in the design of the Umutara Community Resource and Infrastructure Development Project (UCRIDP) (loan 537-RW) approved in December 2000, and led to the design of the twin project proposed here and to the selection of the project area.

16. **Project rationale.** Umutara Province was created only recently. About 30 000 of the country's 100 000 returnees settled in this province under the terms of the 1994 Arusha Peace Agreement. The vast majority of people currently have little opportunity to better their lot and they are poorly served by a public administration that was only recently put in place and lacks the means to operate effectively. Much essential infrastructure is lacking. Many people spend a disproportionate amount of time and effort on firewood and water collection; they lack access to credit and agronomic and veterinary services. If no action is taken, this situation will exacerbate poverty, social disharmony and environmental degradation. The ongoing UCRIDP project is designed to tackle most of these problems by supporting community-infrastructure and production-development activities within the framework of the Government's decentralization policy in four of the province's eight districts. The decision to limit the UCRIDP's area of intervention was based on the assumption that the African Development Bank (AfDB) would be providing development assistance in the rest of the province by supporting a second phase of its Mutara Development Project, which was scheduled to close on 31 December 2001. However, the AfDB subsequently decided not to renew its assistance to the region, thereby creating a serious imbalance in the potential for the institutional and socio-economic development of the province. IFAD is thus presented with an opportunity to take a uniform approach to providing support in all districts of Umutara. There is a clear need and scope for an IFAD intervention that responds to the Government's request for support in taking a balanced and coherent approach to the institutional, economic and social development of Umutara Province.

## PART II - THE PROJECT

### A. Project Area and Target Group

17. The part of the Umutara Province not covered by the UCRIDP comprises three rural districts and the municipality of Mutara. This includes Nyagatare, the provincial capital, which is a small town with an essentially rural hinterland of modest size. The twin project area (about 1 000 km<sup>2</sup>), with about 177 000 people, is densely populated. The better-endowed areas have been settled for a long time. The approximately 30 000 returnees who settled in Umutara following the Arusha Peace Agreement have been given plots of land and *imidugudu* (group settlement) housing in the three districts. Returnees were allocated cropping plots of 2.5-3 ha per household. Grazing plots of between 25 and 50 ha were also allocated to individuals or groups of herders, depending on the number of cattle they controlled.

18. The average farm size is 1.5 ha. The land is cropped over two seasons, yielding just enough to ensure food security. Poor-quality planting material and, especially, the lack of improved seed for cereals and beans, for which there is strong unmet demand, and of chemicals to fight plant pests and diseases constitute major production problems. Poor households, however, have less than 1.5 ha and produce less than required for food security. Several households have one or two cattle (some may have up to ten) and a few goats and sheep.

19. The province faces a major problem in the livestock sector due to the large number of animals brought back by returnees in 1995-97. Many of these animals have died of disease and thirst since



their arrival in Umutara, and many, perhaps as many as 150 000 head, have settled in the territory covered by the UCRIDP. An unknown number of households have abandoned the province in search of a better environment. On the other hand, some smallholders who lost their cattle during the civil war have managed to acquire one or two head of cattle. The grazing area available for these animals in the twin-project area is insufficient to sustain the numbers currently recorded in the territory. The UCRIDP is arranging for a survey of the potential fodder and pastoral productivity of these rangelands as input for the participatory range management plan (PRMP) to be formulated and funded under the twin project, as a means of involving communities of livestock holders in the design of an adequate policy for rational exploitation of this resource.

20. The districts have few perennial water sources. Many people drink from polluted sources (which presents a risk to human health) and they consume much less than the acceptable minimum. Women spend long hours every day fetching water for their families. During the dry season, livestock is regularly herded across the Akagera National Park to water and graze along the banks of the Akagera River and at area lakes. However, this practice was to have stopped as of 15 August 2001 in compliance with a presidential order to that effect. Inasmuch as water for human and livestock consumption is the top priority of everyone in the province, the UCRIDP is funding a water master plan for the entire provincial territory. The findings should be available before start-up of the twin project and would provide the necessary details for project intervention on domestic and animal water supply throughout the province.

21. Many secondary and feeder roads in the twin-project area are in poor condition and require rehabilitation, and new roads will need to be built in the many sectors that are currently not served at all. Poor transport infrastructure is one of the main causes of farmers' inability to sell their produce at remunerative prices.

22. To date, only one commercial bank has opened a branch in the province. The Rwanda Development Bank (RDB) has just begun to operate, albeit on a modest scale. There are, however, several organizations that collect rural savings, including a sizeable women's cooperative, one pre-cooperative, and a specialized national NGO promoting rural savings and loan associations. The existence of such organizations, together with a lively *tontine* (informal savings group) network, confirms previous experience in Rwanda with regard to farmers' willingness and capacity to save cash, and shows that there is potential for further developing microfinance institutions and promoting their links with the banking system based on rigorous money-management practices.

23. **Target group.** The participatory rural assessments (PRAs) undertaken in the province identified four categories of households: wealthy, average, poor and vulnerable. Since the genocide, the conditions of the "average" households have tended to converge with those of the "poor" ones. IFAD's target group will accordingly comprise all households within the twin-project area except for those classified as "wealthy", which are a tiny minority (some 3% of households). Many "average" and "poor" households have the means (in the form of a minimum of assets and labour) to join in project activities; most of the "vulnerable" households have the potential to do so but lack the minimum assets required, although sometimes their land holdings would be sufficient to allow them to participate in project activities (the project envisages special measures here). Thus, the project's target group includes all the "average", "poor" and "vulnerable" households for a total of about 35 000 households, with "vulnerable" households accounting for about 7 000 of that total.

## B. Objectives and Scope

24. In accordance with the COSOP-recommended strategy for Rwanda, and in line with the Government's decentralization policy and the administrative reform of January 2001, the project design emphasizes people's participation, community development and support for grass-roots



organizations as the most important avenues for improving governance in the area, which, in turn, is a prerequisite for improving overall living conditions and social relationships. Following the pattern initiated by the UCRIDP, the twin project will focus on institutional development to set in motion a process of economic and human development consistent with the sustainable mobilization and efficient use of human and natural resources. To that end, the twin project will establish three project-implementation processes designed for the UCRIDP: a bottom-up activity-planning process, a top-down service-delivery process, and a participatory evaluation of services provided (accountability) process. The project approach is fully consistent with the Government's policy on local government.

25. The specific objectives of the twin project are similar to those of the "original" UCRIDP: water supply for people and animals; improved transport infrastructure; more practical agriculture and livestock-technology advice; credit to purchase inputs, improve marketing and start up agro-processing and other income-generating activities for women; better animal health services; inputs to bring the productive base up to the minimum necessary for survival (for the "vulnerable" households); and access to forest resources to increase fuel-wood availability and for construction timber. The structure of the project components reflects people's priorities as identified by the PRAs conducted in Umutara. Project implementation will be flexible and will respond to effective demand from the communities and the fulfilment of conditions that will trigger project intervention, including the payment by beneficiaries of their share of project costs.

### C. Components

26. Like the ongoing UCRIDP, the twin project is structured around five components: capacity-building; infrastructure development; on-farm investment support; financial services; and project implementation support.

#### Capacity-Building

27. The component has two sub-components: community development and women in development (WID).

28. **Community development.** Under this sub-component, the twin project will extend to the new project area the same scheme that has been set up under the UCRIDP. The project will support a major training and backstopping programme to: (i) enable the cell development committees and local common-interest groups to take part in planning project activities and implementing them in the field; and (ii) enable provincial and district-level public service providers and national NGO service providers to perform their delivery functions effectively. Training will be provided by international NGOs through formal courses and by means of on-the-job training and monitoring of service providers' performance. National NGOs will be contracted to provide community facilitator services to work at the sector and cell levels. The project will also supply transport equipment and means of communication between district and sector development committees, and cover operating costs. In addition, the project will fund a programme to train minors who are heads of households in order to increase their employment opportunities or to start up their own income-generating activities, and support the activities of the Ministry of the Environment to control the environmental impact of project activities.

29. **Women in development.** The women-in-development (WID) services of the UCRIDP will be extended to the rest of the province under the twin project. In addition to ensuring that rural women actively participate in all project activities, the project will promote women's asset-building and income-generating activities through the Women's Investment Fund (see description of rural financial services component). The project will construct, furnish and equip a women's centre in each district of the twin-project area. WID services will be delivered by national NGOs working with staff of the



Ministry of Gender and Women's Development to facilitate the formation of women's groups and train women's group committees. Under this component, the project will support a large functional literacy programme aimed at training some 5 000 illiterate women and minors who are heads of household.

### **Rural Infrastructure Development**

30. This component comprises two sub-components: water supply and rural roads. The OPEC Fund will fund part of this component.

31. **Water supply.** This sub-component is organized in two parts: (i) priority water supply, which would be funded by IFAD, the beneficiaries and the Government; and (ii) completion of the water supply programme for the province, provided that the OPEC Fund makes the necessary financial resources available. The priority water supply programme envisages: (a) the expansion of four existing, piped water-supply systems for domestic consumption; (b) establishment of a system for monitoring water resources; (c) provision of technical and administrative advice on management problems arising with the existing and expanded piped-water networks; and (d) ensuring water supply for animals by rehabilitating valley dams and boreholes and constructing new ones. Beneficiaries will be required to contribute to the cost of construction, including labour, and, in the case of boreholes, they will be required to purchase hand pumps and set up a maintenance fund. The operation and maintenance of the boreholes will be the responsibility of water user committees. Charges for the piped water-supply networks will be reviewed to ensure the financial sustainability of the operations.

32. The completed programme to be financed by the OPEC Fund includes the construction of a number of new piped water supply systems for domestic use.

33. **Feeder roads.** The road rehabilitation and construction programme (to be financed by the OPEC Fund) involves 177 km of rural roads that are needed in order to provide adequate transport infrastructure to all sectors in the twin-project area. Roadwork will be performed on the basis of community demand and provided that the respective cell development committees undertake to charge a road maintenance fee to fund ordinary annual maintenance of the road sections passing through their territory.

### **On-Farm Investment Support**

34. On-farm investment support activities will be planned within the community development framework. The component has four sub-components, along the pattern adopted for the UCRIDP: (i) technology advisory services; (ii) agricultural production services; (iii) animal health and production services; and (iv) forestry.

35. **Technology advisory services.** The project will extend the participatory methodologies adopted under the UCRIDP to the entire province. The National Agricultural Research Institute (ISAR) and the Regional Agricultural Services Directorate (DRSA)/Umutara will be contracted to implement this sub-component. The twin project will complement the support provided by the UCRIDP for DRSA and the ISAR research station in Umutara so as to enable ISAR research staff both to participate in joint field work with the DRSA in all project districts and to undertake additional adaptive research and survey work throughout the province.

36. **Agricultural production services.** The project will: (i) fund the expansion of an ongoing operation by a national NGO that is supporting farmers' and women's groups in the production, multiplication and marketing of improved seed; (ii) finance the introduction of seed quality control and certification by the National Seed Service (NSS) in Umutara so as to include the seed



multiplication centres funded by the UCRIDP; and (iii) distribute agricultural production reactivation packages (improved seed, fertilizer, tree seedlings) to 7 000 vulnerable households.

37. **Animal health and production services.** A private paraveterinarian programme financed by the UCRIDP will be extended to the entire province. The project will train village paraveterinarians (women for small livestock and men for cattle) and support the establishment of a revolving fund for vaccines and consumables purchased by paraveterinarians; the fund and the corresponding inventory would be managed by the project. The capacity of the provincial DRSA's veterinary service to effectively monitor the animal health situation will be strengthened. Improved technologies for fodder production and conservation, pasture improvement and animal rearing will be discussed with herders in the context of the PRMP. Livestock-owners will be involved in the development of improved cattle water supplies based on available fodder resources on rangelands. Finally, the project will build two small, pilot animal markets in the districts of the twin-project area.

38. **Forestry.** The project will support a forestry development programme by: (i) financing the planting of 1 200 ha of tree lots and distributing seedlings to vulnerable households, which will result in planting the equivalent of 700 ha; and (ii) providing training and supporting the establishment of private nurseries in keeping with the expanding market for seedlings and to meet the demand resulting from the project's funding for tree-planting.

### **Rural Financial Services**

39. The project will support the development of sustainable rural financial services at the community level, along the pattern adopted for the UCRIDP. It will finance the services of a specialized national NGO to provide fund advisory services to informal local groups wishing to establish a savings and loans association. Matching grants equivalent to the amounts deposited in a bank account by group revolving fund (GRF) members will be provided by the project to speed up GRF capitalization and to encourage cash deposits. The GRFs will extend short-term credit to creditworthy group members, without any restrictions on its use. In due course, the GRFs will be encouraged to diversify the products offered to members, to set their own interest rates, and to develop their relationships with formal financial institutions initiated under the project. The fund advisors will provide advice to the GRF management committees with regard to the maintenance and audit of their accounts. The specialized NGO providing fund advisory services will be supervised by the RDB, which has expressed interest in joining the IFAD initiative within the framework of its expanded mandate recently approved by the Government.

40. In addition, the project will make separate matching grants available for small income-generating projects proposed by women's groups. These groups will be encouraged to establish women's investment funds (WIFs) by depositing 50% of the cost of tools, equipment and other assets required to carry out these initiatives. Up to a maximum of USD 2 000 (USD 3 000 in the case of WIFs established by women residing in different cells), the project will match the deposit with a grant capital subsidy of an equivalent amount. The feasibility of WIF projects will be appraised by the fund advisors and vetted by the RDB.

41. Under this component, the twin project will also provide a line of credit to RDB to enable it to expand its operations in support of small and medium-size enterprises in Umutara and to fund projects that, directly or indirectly, provide incremental employment opportunities for IFAD's target group.

### **Project Management Support**

42. **Project Coordination Unit (PCU).** The project will strengthen the PCU established under the UCRIDP to enable it to handle the larger volume of business. The core tasks of the PCU will be the

same as those envisaged for the UCRIDP: (i) manage the project funds; (ii) issue contracts to service providers for the implementation of project components; and (iii) monitor service providers' performance and evaluate the outcome of their activities. The PCU will also provide a number of goods and services required by service providers in order to honour their contractual responsibilities, and it will conduct project-related activity reviews, participatory performance evaluation workshops, and project audits.

43. **Project duration.** Unlike the UCRIDP, which is funded by a flexible lending mechanism (FLM) for a ten-year period, the twin project will last five years, coming to an end concurrently with the envisaged completion of phase 2 of the UCRIDP. At that time, the joint IFAD-Government mission will assess the progress of each component and any implementation problems arising from the management arrangements in place; depending on the status of fund disbursements under both projects, a decision will be taken whether to merge the project areas for the third phase of the UCRIDP or to grant a new loan to continue operations in the twin-project area. In effect, then, activities in the project area will operate under the normal project arrangement for five years, after which time they will be under an FLM structure for the combined project area.

### D. Costs and Financing

44. The total project costs are estimated at approximately USD 24.2 million (RWF 10.9 billion), including physical and price contingencies. A summary of project costs by component is given in Table 1. Foreign exchange represents 44% of the total costs.

**TABLE 1: SUMMARY OF PROJECT COSTS<sup>a</sup>**  
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
<b>A. Capacity-building</b>					
Community development	1 125.9	1 697.6	2 823.6	60	13
Women in development	605.5	74.7	680.2	11	3
<b>Subtotal</b>	<b>1 731.4</b>	<b>1 772.3</b>	<b>3 503.7</b>	<b>51</b>	<b>16</b>
<b>B. Rural infrastructure development</b>					
Water supply	2 103.0	5 893.9	7 996.9	74	37
Feeder roads	1 914.0	658.0	2 572.0	26	12
<b>Subtotal</b>	<b>4 017.0</b>	<b>6 551.9</b>	<b>10 568.9</b>	<b>62</b>	<b>49</b>
<b>C. On-farm investment support</b>					
Technology advisory services	666.4	420.4	1 086.8	39	5
Agricultural production services	1 004.7	95.7	1 100.5	9	5
Animal health and production services	210.3	104.8	315.0	33	1
Forestry	366.0	-	366.0	-	2
<b>Subtotal</b>	<b>2 247.4</b>	<b>620.9</b>	<b>2 868.2</b>	<b>22</b>	<b>13</b>
<b>D. Rural financial services</b>	<b>3 339.2</b>	<b>150.0</b>	<b>3 489.2</b>	<b>4</b>	<b>16</b>
<b>E. Project management support</b>	<b>715.7</b>	<b>367.4</b>	<b>1 083.1</b>	<b>34</b>	<b>5</b>
<b>Total baseline costs</b>	<b>12 050.7</b>	<b>9 462.5</b>	<b>21 513.2</b>	<b>44</b>	<b>100</b>
Physical contingencies	558.0	653.1	1 231.1	55	6
Price contingencies	912.8	572.6	1 485.5	39	7
<b>Total project costs</b>	<b>13 521.5</b>	<b>10 708.2</b>	<b>24 229.7</b>	<b>44</b>	<b>113</b>

<sup>a</sup> Discrepancies in totals are due to rounding.

45. The project will be cofinanced by IFAD, the OPEC Fund, the Government of Rwanda, a number of international NGOs and the beneficiaries. IFAD will provide a loan of USD 12.0 million (50% of the total project cost); the OPEC Fund will provide USD 8.0 million (33%); international NGOs will contribute USD 534 900 (2%); the Government USD 2.5 million (10%); and the beneficiaries USD 1.2 million (5%). Upon release of the appraisal report, the international NGOs will sign a letter of intent confirming their contribution. The proposed financing plan is shown in Table 2.



**TABLE 2: FINANCING PLAN<sup>a</sup>**  
(USD '000)

Components	IFAD		OPEC Fund		International NGOs		Beneficiaries		Government		Total		For. Exch.	Local (excl. Taxes)	Duties and Taxes	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
<b>A. Capacity-building</b>																
Community development	2 360.3	76.3	-	-	534.9	17.3	-	-	198.2	6.4	3 093.4	12.8	1 815.0	1 080.2	198.2	
Women in development	654.2	86.0	-	-	-	-	-	-	106.8	14.0	761.0	3.1	81.1	573.1	106.8	
<b>Subtotal</b>	<b>3 014.5</b>	<b>78.2</b>	<b>-</b>	<b>-</b>	<b>534.9</b>	<b>13.9</b>	<b>-</b>	<b>-</b>	<b>305.0</b>	<b>7.9</b>	<b>3 854.4</b>	<b>15.9</b>	<b>1 896.1</b>	<b>1 653.3</b>	<b>305.0</b>	
<b>B. Rural infrastructure development</b>																
Water supply	2 338.4	25.0	5 428.2	58.1	-	-	179.3	1.9	1 394.9	14.9	9 340.9	38.6	6 859.7	1 086.2	1 394.9	
Feeder roads	-	-	2 571.5	85.1	-	-	-	-	450.1	14.9	3 021.6	12.5	755.1	1 816.4	450.1	
<b>Subtotal</b>	<b>2 338.4</b>	<b>18.9</b>	<b>7 999.7</b>	<b>64.7</b>	<b>-</b>	<b>-</b>	<b>179.3</b>	<b>1.5</b>	<b>1 845.1</b>	<b>14.9</b>	<b>12 362.5</b>	<b>51.0</b>	<b>7 614.9</b>	<b>2 902.6</b>	<b>1 845.1</b>	
<b>C. On-farm investment support</b>																
Technology advisory services	1 082.2	91.8	-	-	-	-	-	-	97.3	8.2	1 179.5	4.9	435.8	646.4	97.3	
Agricultural production services	1 191.0	97.1	-	-	-	-	-	-	35.4	2.9	1 226.4	5.1	101.4	1 089.5	35.4	
Animal health and production services	307.9	88.2	-	-	-	-	-	-	41.0	11.8	349.0	1.4	111.1	196.8	41.0	
Forestry	412.4	97.7	-	-	-	-	-	-	9.6	2.3	422.1	1.7	-	412.4	9.6	
<b>Subtotal</b>	<b>2 993.6</b>	<b>94.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183.3</b>	<b>5.8</b>	<b>3 176.9</b>	<b>13.1</b>	<b>648.4</b>	<b>2 345.2</b>	<b>183.3</b>	
<b>D. Rural financial services</b>	<b>2 545.3</b>	<b>70.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 000.0</b>	<b>27.6</b>	<b>74.8</b>	<b>2.1</b>	<b>3 620.1</b>	<b>14.9</b>	<b>157.0</b>	<b>3 388.3</b>	<b>74.8</b>	
<b>E. Project management support</b>	<b>1 104.9</b>	<b>90.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110.9</b>	<b>9.1</b>	<b>1 215.9</b>	<b>5.0</b>	<b>391.9</b>	<b>713.1</b>	<b>110.9</b>	
<b>Total disbursement</b>	<b>11 996.7</b>	<b>49.5</b>	<b>7 999.7</b>	<b>33.0</b>	<b>534.9</b>	<b>2.2</b>	<b>1 179.3</b>	<b>4.9</b>	<b>2 519.1</b>	<b>10.4</b>	<b>24 229.7</b>	<b>100.0</b>	<b>10 708.2</b>	<b>11 002.4</b>	<b>2 519.1</b>	

<sup>a</sup> Discrepancies in totals are due to rounding.





## **E. Procurement, Disbursement, Accounts and Audit**

46. **Procurement.** Overall responsibility for contracting service providers and for procurement of other goods and services will rest with the PCU. Procedures will follow IFAD procurement guidelines. Civil-works contracts awarded for the construction of water supply systems and for the procurement of vehicles and equipment will be open to international competitive bidding. To the extent possible, vehicles and equipment will be procured in lots in order to obtain the best possible prices. Contracts with national NGOs and contracts for the construction of buildings, for inputs (seed and fertilizer) and for project staff will be awarded on the basis of national competitive bidding. Recruitment of international and local consultants/firms will follow the cooperating institution's procedures.

47. **Disbursement.** The PCU will open and operate a special account in United States dollars with the Central Bank of Rwanda and in accordance with IFAD guidelines. The authorized allocation is USD 800 000. Upon request by the Government's designated signatories, IFAD will deposit the amount of USD 800 000 into the special account. All expenditures below USD 20 000 will be drawn on the special account. Expenditures for larger amounts may be drawn on the special account or paid for directly by IFAD. Expenditures are to be fully documented, except those for less than USD 20 000, in which case a statement of expenditures will be used. All documentation submitted for reimbursement purposes will be examined by the accounting firm recruited by the Project Implementation and Facilitation Unit (PIFU) prior to its submission to the Government; copies will be kept at the PIFU office and will be made available to the auditors and to IFAD supervision missions. The Government will open a project account at the Central Bank of Rwanda into which it shall deposit an amount in Rwandan francs equivalent to USD 500 000, representing its average annual contribution in taxes. The Government will exempt all imported goods from duties and taxes, and it will ensure the payment of value-added tax and all social charges from the counterpart funds account. Salaried staff will be responsible for paying income tax for which they are liable under applicable Rwandan legislation.

48. **Accounts, reports and audits.** The financial controller will be responsible for keeping project accounts in accordance with established practices approved by IFAD. This officer will produce biannual and annual financial reports. Project accounts will be subject to an independent annual audit. The external auditors, contracted by the PCU, will certify the accounts and are to include in their reports a separate opinion on the statements of expenditure and on the use of the special and project accounts.

49. All documents submitted by service providers for payment by the PCU will be examined by the PCU financial controller and verified by management service consultants before submission to IFAD and the cooperating institution. Within the three months following the close of the project's financial year, the project coordinator will submit to the auditors an annual statement of sources and application of funds in respect of the project's expenditures. Within the six months following the close of the financial year, the project coordinator will submit the auditors' report to the Ministry of Finance and Economic Planning and to IFAD.

## **F. Organization and Management**

50. The PCU will not manage specific project activities but rather will provide goods and financing to service providers under specific renewable contracts, monitor their performance, advise and assist them with problem-solving, and coordinate the evaluation of their performance by end-users. The PCU will be assisted by two steering committees, one at the national level and the other at the provincial level. Representatives of NGO service providers and of project beneficiaries will be included among the members of the steering committees. The project's executing agency will be the



Ministry of Finance and Economic Planning. Each service provider will sign an agreement with the PCU whereby it will undertake to provide the specific services envisaged under the project. The agreements will be negotiated for a period of three years. Each year, a specific service-delivery contract will be negotiated on the basis of individual service providers' annual work plans and budgets (AWP/Bs). Contract renewal will be subject to suitable performance by the service provider under the previous AWP/B, verified at the annual participatory performance evaluation workshops, which provide a forum for comments by the service receivers.

### **G. Economic Justification**

51. **Benefits and beneficiaries.** The twin project will generate both tangible and non-tangible benefits. The most important benefit – good governance – will be non-tangible. The institutional development activities and the project approach will establish new organizational cultures in the public administration at all levels, and among the people as well. This will bring about a closer relationship between the people and the public administration, and provide the public administration with the means and new working methods to go about its task of administration, accelerate social reconciliation and build national unity.

52. The domestic water supply sub-component will benefit about 20 000 people, improving health and significantly reducing the time spent on fetching water. The benefits of the feeder road sub-component will accrue to about 10 000 households in terms of lower costs for travel and for transporting goods, equipment, inputs and produce, and in terms of easier exchanges of information. These benefits will help to attenuate the impact of market failures in the project area. The support to develop animal watering points will benefit about 15 000 households that rear livestock, including pastoralists and households practising mixed farming. The impact on herd and range conditions is expected to be considerable.

53. The benefits of the technology advisory services sub-component will accrue to all farmers willing to join the participatory diagnosis process and to test and apply innovations designed to solve the problems identified jointly with research and extension officers. These processes are expected to raise the level of input use in rainfed cropping, secure wider use of soil conservation practices, and introduce more productive practices in the livestock sector. The benefits of the seed multiplication centres will gradually accrue to over 5 000 crop-farming households that may obtain yield increases on the order of 50%, thereby boosting food-crop production and household food security. The distribution of agricultural production reactivation packages will enhance the production potential of 7 000 vulnerable households, which will generate sufficient incremental production to continue using at least part of the input packages on a sustainable basis.

54. The animal health service sub-component will benefit all livestock owners in the project area – about 18 000 households in all, including pastoral households and households engaged in mixed farming in the new districts. The inclusion of small livestock in the paraveterinarian programme will also benefit a large number of predominantly crop-farming households, and women in particular. The forestry sub-component will help to relieve the increasingly acute shortage of fuel and construction wood, while providing additional income for vulnerable households and significant incremental net revenue for the districts.

55. The GRF scheme will enable farmers to establish their own credit system and make that system grow on a sustainable basis. Revolving funds will help to defray the cost of crop storage and make for better marketing (thus improving farmers' bargaining position vis-à-vis traders) and purchase of agricultural inputs. The WIF window will enable poor women's groups to purchase small equipment for income-generating schemes, particularly grain mills, which will bring financial benefits to group members and ease the workload of all women clients of the mills. The credit line for the RDB will



facilitate the establishment of new private enterprises in the province and provide new job opportunities for IFAD's target group in both the UCRIDP and the new project area.

### **H. Risks**

56. The risk of suboptimal project performance will depend on: (i) the effectiveness of institutional development activities in terms of organization and management arrangements; (ii) people's response to the challenge of adopting new environmental-conservation-oriented technologies in cropping and animal husbandry; (iii) the ability of user associations to honour their commitment to maintain the infrastructure turned over to them; (iv) the ability and willingness of people to raise resources and become project partners under the matching grant policy, and to maintain the revolving funds on a sustainable basis and make them grow with their own savings; (v) the willingness of the public administration to comply in practice, and over time, with the project's renewable service-agreement policy; and (vi) the ability of the PCU to run the project efficiently. The project design attempts to attenuate these risks to the extent possible. Details are given in the appropriate sections of the main text.

### **I. Environmental Impact**

57. The Umutara projects are classified in the "A" category from the standpoint of risk to the environment. The risk is less in the twin-project area than in the UCRIDP area. Nevertheless, the environment is accorded equal importance in both projects' designs.

### **J. Innovative Features**

58. The project design is built around an innovative approach to project organization and management based on grass-roots institutional development and on the principle of subsidiarity in allocating resources and responsibilities. In addition, the project makes a distinction between different components of service provision: planning, regulation, delivery and financing. More specifically, the project seeks to introduce major cultural changes in the public administration and in people's organizations by placing major emphasis on training and capacity-building.

## **PART III - LEGAL INSTRUMENTS AND AUTHORITY**

59. A loan agreement between the Rwandese Republic and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

60. The Rwandese Republic is empowered under its laws to borrow from IFAD.

61. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.



## **PART IV - RECOMMENDATION**

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

RESOLVED: that the Fund shall make a loan to the Rwandese Republic in various currencies in an amount equivalent to nine million four hundred thousand Special Drawing Rights (SDR 9 400 000) to mature on and prior to 15 September 2041 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge  
President

## **SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT**

(Loan negotiations concluded on 8 November 2001)

1. The Government of the Rwandese Republic (hereinafter called "the Government") places at the disposal of the Ministry of Finance and Economic Planning (the executing agency of the project) the loan proceeds in accordance with the provisions of the annual work plans and budgets (AWP/Bs) and the customary national procedures for development assistance in order to execute the project.
2. The Government also places at the disposal of the executing agency of the project during the execution phase of the project, counterpart funds from its own resources in accordance with customary national procedures relating to development assistance. To this end, the Government will make a quarterly deposit of funds on the project account representing its counterpart contribution, aside from the proceeds from customs duties on imported goods. The first deposit will be a Rwandan franc amount equivalent to USD 125 000. The Government will replenish the project account quarterly by depositing counterpart funds as provided for in the AWP/B related to the project year under consideration. The counterpart funds will be incorporated into the Public Investment Programme. The Government will also ensure that the proceeds derived from the OPEC Fund are placed at the disposal of the executing agent of the project in accordance with the provisions of the AWP/Bs.
3. Service providers as a whole will be responsible for delivering goods and services needed for the execution of the project to groups of beneficiaries as well as to the decentralized units of public administrations. Each of the project sub-components will mobilize service providers which can intervene in relation to various sub-components. The decentralized units at the level of the provinces of the Ministries of Energy, Water and Natural Resources; Public Works; Gender and Women's Development; Agriculture and the Environment as well as ISAR and the Commission for National Unity and Reconciliation will have special responsibilities for the provision of services under each sub-component. International and national NGOs will play a precise role, in accordance with their specialization, as service providers to the various components. Moreover, the international NGOs will be entrusted with the special responsibility of supplying training for and assistance to execution of activities to the public administration, members of Community Development Committees (CDCs), national NGOs which will provide services directly to the CDCs, local groups and associations.
4. Each service provider will negotiate a three-year framework agreement and an annual contract with the PCU relating to services to be provided in relation to the AWP/Bs of the year under consideration. The service providers should present their own proposals on how to execute activities to be assigned to them, rather than wait for the PCU to draw up their work plan. During the negotiations, the PCU will register the activities presented in the individual work plans and for which financing is requested. The performance of each of these service providers will be evaluated annually during participatory evaluation workshops. If as a result of this evaluation, the performance of a service provider has been judged to be weak, the contract might not be renewed in whole or in part and resources could be allocated to other service providers.
5. In order to maintain sound environmental practices such as those provided for under Section 7.15 (Protection of the Environment) of the General Conditions, the Government will take, within the framework of the project, the necessary measures relating to pesticides management and to this end, will ensure that pesticides supplied within the framework of the project do not include any pesticide either prohibited under the International Code of Conduct on the Distribution and Utilization of Pesticides of the Food and Agriculture Organization of the United Nations (FAO), as amended from time to time, or listed in Tables 1 (extremely hazardous) and 2 (highly hazardous) of the World Health



Organization (WHO) Recommended Classification of Pesticides by Hazard and Guidelines to Classification, 1996-1997, as amended from time to time.

6. The PCU, through the services of consultants if necessary, and the international NGOs will ensure the monitoring of the principal service providers in the implementation of their responsibilities. The monitoring will pay special attention to planning, annual budgeting and modalities of execution of activities employed by service providers.

7. The Government undertakes to deliver to IFAD an official letter wherein it makes the commitment to exempt the project from all taxes, levies and any other duties payable on imports of goods and services. The value-added tax will be paid by the Government from the counterpart funds. Salaried staff will be responsible for paying income tax for which they are liable under applicable Rwandan legislation.

8. The Government will insure project staff against risks of disease and accident in accordance with the regulations in force within its territory.

9. The project aims to promote women's advancement by specific actions such as the construction of women's halls, the functional literacy programme, the improved supply of potable water which can considerably reduce their workload relating to fetching water.

10. The integration of women into economic processes will be strongly supported by the project and should result in significant levels of their participation and representation in the various committees, as well as equal access to the same facilities as men with regard to employment within the framework of district investments.

11. The recruitment of PCU staff will be carried out in accordance with competitive criteria which will include both the public and private sectors.

12. The Government undertakes to pay the amount of funds representing its counterpart contribution at the start of each quarter.

13. The following conditions are specified as prior conditions to the disbursement of loan proceeds:

- (a) a Special Account shall have been opened at the National Bank of Rwanda or any other banking establishment acceptable to IFAD and the authorized signatories shall have been nominated;
- (b) the counterpart funds required to finance the first AWP/B shall have been included in the vote of the national budget, and a sum in Rwandan francs equivalent to USD 125 000 and corresponding to the first three months of expenditures shall have been deposited on the project account; and
- (c) the framework agreement between the Government and the consortium within the framework of the Umutara Community Resource and Infrastructure Development Project (UCRIDP) shall have been extended to the project area.

14. The following conditions are specified as prior conditions to the entry into force of the loan agreement:

- (a) The mandates of the Political Steering Committee of the Project and of the Provincial Steering Committee of UCRIDP shall have been extended so as to cover the twin project area;



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- (b) the Government shall have confirmed the recruitment of the deputy coordinator and the community development expert at present working with the PCU; and
- (c) a favourable legal opinion, delivered by the Ministry of Justice or any other authority legally vested with this power concerning the elements cited in Section 7.02 and acceptable both in form and substance shall have been delivered by the Government to IFAD.



## APPENDIX I

## COUNTRY DATA

## RWANDA

<b>Land area (km<sup>2</sup> thousand) 1997 1/</b>	25	<b>GNI per capita (USD) 1999 4/</b>	250
<b>Total population (million) 1999 4/</b>	8.3	<b>Average annual real rate of growth of GNP per capita, 1990-98 2/</b>	-4.3
<b>Population density (people per km<sup>2</sup>) 1998 1/</b>	329	<b>Average annual rate of inflation, 1990-98 2/</b>	18.1
<b>Local currency</b>	Rwanda Franc (RWF)	<b>Exchange rate: USD 1 =</b>	RWF 0.0022
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1980-98 1/	2.5	GDP (USD million) 1999 4/	1 956
Crude birth rate (per thousand people) 1998 1/	46	Average annual rate of growth of GDP 1/	
Crude death rate (per thousand people) 1998 1/	21	1980-90	2.2
Infant mortality rate (per thousand live births) 1998 1/	123	1990-98	-3.2
Life expectancy at birth (years) 1998 1/	41	Sectoral distribution of GDP, 1998 1/	
Number of rural poor (million) (approximate) 1/	n.a.	% agriculture	47
Poor as % of total rural population 1/	n.a.	% industry	21
Total labour force (million) 1998 1/	4.4	% manufacturing	13
Female labour force as % of total, 1998 1/	49	% services	31
<b>Education</b>		Consumption, 1998 1/	
Primary school gross enrolment (% of relevant age group) 1997 1/	n.a.	General government consumption (as % of GDP)	12
Adult literacy rate (% age 15 and above) 1998 3/	64	Private consumption (as % of GDP)	90
<b>Nutrition</b>		Gross domestic savings (as % of GDP)	
Daily calorie supply per capita, 1997 3/	2 056	-2	
Prevalence of child malnutrition (height for age % of children under 5) 1992-98 1/	49	<b>Balance of Payments (USD million)</b>	
Prevalence of child malnutrition (weight for age % of children under 5) 1992-98 1/	29	Merchandise exports, 1998 1/	65
<b>Health</b>		Merchandise imports, 1998 1/	263
Health expenditure, total (as % of GDP) 1990-98 1/	n.a.	Balance of merchandise trade	-198
Physicians (per thousand people) 1990-98 1/	0.04	Current account balances (USD million)	
Percentage population without access to safe water 1990-98 3/	21	before official transfers, 1998 1/	-379
Percentage population without access to health services 1981-93 3/	n.a.	after official transfers, 1998 1/	-143
Percentage population without access to sanitation 1990-98 3/	n.a.	Foreign direct investment, 1998 1/	7
<b>Agriculture and Food</b>		<b>Government Finance</b>	
Food imports as percentage of total merchandise imports 1998 1/	n.a.	Overall budget surplus/deficit (including grants) (as % of GDP) 1997 1/	n.a.
Fertilizer consumption (hundreds of grams per ha of arable land) 1995-97 1/	4	Total expenditure (% of GDP) 1997 1/	n.a.
Food production index (1989-91=100) 1996-98 1/	79.1	Total external debt (USD million) 1998 1/	1 226
<b>Land Use</b>		Present value of debt (as % of GNP) 1998 1/	34
Arable land as % of land area, 1997 1/	34.5	Total debt service (% of exports of goods and services) 1998 1/	16.9
Forest area (km <sup>2</sup> thousand) 1995 1/	3	Nominal lending rate of banks, 1998 1/	
Forest area as % of total land area, 1995 1/	10.1	n.a.	
Irrigated land as % of cropland, 1995-97 1/	0.3	Nominal deposit rate of banks, 1998 1/	
		8.5	

n.a. not available.

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 20002/ World Bank, *Atlas*, 20003/ UNDP, *Human Development Report*, 20004/ World Bank, *World Development Indicators database*, 2001

## PREVIOUS IFAD LOANS AND GRANTS TO RWANDA

Project Name	Initiating	Cooperating	Lending	Board	Loan	Current	Loan/Grant	Denominated	Approval	Disbursement
	Institution	Institution	Terms	Approval	Effectiveness	Closing Date	Acronym	Currency	Loan/Grant Amount	(as % of approved amount)
Byumba Rural Development Project	IFAD	AfDB	HC	17 Dec 81	1 Apr 83	30 Jun 90	L - I - 79 - RW	SDR	9 080 000	99%
Birunga Maize Project	IFAD	World Bank: IDA	HC	11 Sep 84	9 Oct 85	31 Dec 98	G - I - 86 - RW	SDR	920 000	100%
Gikongoro Agricultural Development Project	IFAD	World Bank: IDA	HC	30 Nov 88	22 Dec 89	30 Jun 01	L - I - 150 - RW	SDR	3 750 000	87%
Byumba Agricultural Development Project - Phase II	IFAD	AfDB	HC	1 Oct 90	5 Nov 91	31 May 01	L - I - 232 - RW	SDR	8 350 000	99%
Intensified Land-Use Management Project in the Buberuka Highlands	IFAD	UNOPS	HC	2 Dec 92	23 Jul 96	30 Jun 02	L - I - 264 - RW	SDR	6 350 000	73%
Rural Small and Microenterprise Promotion Project	IFAD	UNOPS	HC	17 Apr 96	2 Mar 98	30 Jun 02	L - I - 314 - RW	SDR	6 750 000	52%
Rwanda Returnees Rehabilitation Programme	IFAD	UNOPS	G	11 Sep 97	24 Oct 97	30 Jun 01	L - I - 411 - RW	SDR	3 750 000	52%
Umutara Community Resource and Infrastructure Development Project	IFAD	UNOPS	HC	4 May 00	5 Dec 00	30 Jun 11	G - I - 377 - RW	SDR	2 100 000	100%
							G - I - 45 - RW	USD	100 000	97%
							G - I - 96 RW	USD	100 000	91%
							L - I - 537	SDR	11 850 000	7%



## LOGICAL FRAMEWORK

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Development Goal:</b></p> <p>To activate an equitable process of economic, human and institutional development consistent with sustainable mobilization and efficient use of human and natural resources throughout Umutara Province.</p> <p><b>Strategies:</b></p> <p>To support the Government's decentralization policy aimed at empowering local communities to plan and implement their own projects and to determine the plans of public services provided to them                      To build partnerships with communities based on sharing the cost of providing services to them                      To mobilize the local level of government to promote and support local communities in planning and implementing their own projects, and to encourage public service providers to plan and effectively provide services demanded by the communities                      To introduce mechanisms that improve the efficiency and transparency of service providers, and to make service providers accountable to end-users</p> <p><b>Expected Outcomes by component</b></p> <p><u>Community Development:</u>                      Most cell development committees in the province will be able to formulate cell development plans based on PRA methods, effectively promote GRFs and women group projects for WIF, and formulate annual cell Development Fund (DF) budgets eligible for project matching grants                      District and sector development committee members will participate in the work of task forces implementing project activities at their level                      Water committees will be established and functioning to manage domestic and animal water supplies, and collect resources to pay for maintenance and operation of the facilities                      Cell and sector development committees will levy a feeder-road maintenance tax to pay for village labour to clean ditches and culverts</p>	<p>Grass-roots and local government structures respond to communities' demands, become an effective channel between communities and private and public service providers                      Spontaneous creation of civil-society groups to achieve sustainable common objectives and mobilize their own resources to achieve priority common objectives                      Effective and transparent mechanisms are in place for government to support community initiatives, including sharing the cost of communities' priority projects                      The District Executive Committees and the deconcentrated units of the line ministries acting in the province have acquired skills to contract, fund and supervise the delivery of services to grass-roots organizations by private enterprises and NGOs                      Institutionalization of a participatory evaluation of the performance of public and private service providers, in which end-users play an important role</p> <p>Number of cell District Plans (DP) formulated                      Number of GRFs established                      Number of cell DFs adequately formulated                      Number of water users' committees (WUCs) and cattle water-point user associations (CWPUAs) formed                      Number of cells that levy road maintenance tax                      Number and quality of district task forces in operation</p> <p>Number and quality of Commission for National Unity and Reconciliation (CNUR) activities</p>	<p>Reports of PCU Evaluation Officer on the annual participatory sub-component evaluation workshops</p> <p><i>Ad hoc</i> PRA impact evaluation studies</p> <p>Records of farmers' suggestion boxes kept in each sector</p> <p>PCU progress reports</p> <p>Reports of IFAD supervision missions</p> <p>Joint IFAD/Government mid-term review and project completion reports</p> <p>For all sub-components:</p> <ul style="list-style-type: none"> <li>• accounts of the participatory evaluation workshops</li> <li>• reports of the ad hoc project impact PRA studies</li> <li>• mid-term project review</li> <li>• reports of the community facilitators</li> <li>• reports of international NGOs</li> </ul> <p>• CNUR reports</p> <p>• Environmental assessment studies of the Ministry of the Environment</p>	<p>Political stability through the project life</p> <p>Political support to strengthen grass-roots organizations in rural areas, civil-society organizations and NGOs</p> <p>The public administration officers:</p> <ul style="list-style-type: none"> <li>• understand the distinction between planning, regulating, delivering and financing provision of services, and</li> <li>• accept the role of service providers submitted to the test of end-users' satisfaction with the quality of services rendered</li> </ul> <p>The participatory sub-component evaluation workshops:</p> <ul style="list-style-type: none"> <li>• are held regularly and effectively, and</li> <li>• recommendations are actually taken into account when renewing service agreements</li> </ul> <p>People are willing to contribute their own savings and labour to finance their own projects</p> <p>People and administrators manage to overcome transfer-dependency culture</p> <p>Control of GRFs is effective and rigorous</p> <p>GRF members appreciate that having their own sustainable financial services system is more important than cashing in on short-term benefits of project matching grants.</p> <p>The PCU can recover matching grants disbursed to defaulting GRFs</p> <p>Technical support to design feasible income-</p>





NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Improved social relations, reconciliation, and better feeling of national unity</p> <p>The environmental impact of project development activities kept under control</p> <p><u>Women in Development</u></p> <p>Women's halls constructed and active in all districts of the province                      Women participating actively in all project activities                      Women and minors who are heads of household have received functional literacy training                      Women have received training as paraveterinarians for small livestock                      Women's investment funds have been established, and related microprojects have been funded and are operational</p>	<p>Soil conservation practices introduced, crossing of animals into the Akagera park halted, cattle water supply developed in line with range carrying capacity, reduction in the number of cattle, etc.</p> <p>Percentage of women members in grass-root organizations and their management committees                      Number and quality of women's groups using the project financial facility, amount of savings mobilized                      Number of women and minors receiving functional literacy training                      Number and type of agro-processing equipment financed and impact on women's workload                      Percentage of women trained in functional literacy who retain their skills three years after training</p>	<p>Reports of the provincial officer of the Ministry of Gender                      Reports of the national NGO providing women-in-development (WID) services                      Reports of the international NGO backstopping the national NGO that provides functional literacy training</p> <p>Reports of the community facilitators                      Reports of the international NGO training and backstopping the national NGO providing community facilitator services</p>	<p>generating projects for women's groups is available from line ministry's deconcentrated offices, NGOs or from private professionals at a reasonable cost</p> <p>GRF members appreciate the role of external auditors and are ready to pay for this service</p>
<p><u>Crop Production:</u>                      Improved availability of good-quality seed, fertilizers and other inputs                      Impact of improved seeds on crop yields is regularly sampled                      All improved seeds produced in the province are certified by NSS inspector                      Significant expansion of the market of seeds sold under true labelling, and a price differential with respect to commercial grains that supports sustainable production</p> <p>7 000 vulnerable households are able to participate in cost-shared project activities on an equal basis with other members of the target group</p>	<p>Number and quality of annual DRSA and ISAR meetings for participatory diagnoses of farmers' problems                      Number and characteristics of farmer-innovators cooperating with DRSA and ISAR                      Qualitative assessment of the performance of the provincial technical advisory committee (TAC) and of the district technical task forces                      Number and typology of innovative technology tests on farmers' fields                      Number and nature of ISAR on-station research activities                      Quantity of improved seeds produced, certified and sold by seed multiplication centres                      Surveys of impact of improved seed and fertilizers on crop yields, on increased household food security and improved household nutritional security                      Price of certified seed                      Amount of seed centres revolving fund at the end of the project</p> <p>Impact of packages distributed on the production of beneficiary households                      Percent of vulnerable beneficiaries willing and able to purchase the same inputs at market prices</p>	<p>Reports of the DRSA Umutara TAC                      Reports of ISAR station manager                      Report of the international NGO providing training and backstopping                      Reports of the international research institutes backstopping ISAR                      Reports of the DRSA district level</p> <p>Reports of the NSS provincial seed certification office</p> <p>Input-distribution impact evaluation report</p> <p>Reports of the district and provincial forestry officers</p>	<p>Members of successful GRFs are willing to join with other GRFs to form rural financial service associations of the minimum size required for efficiently operation of a more diversified portfolio of products</p> <p>Herders will de-stock to the extent required to keep cattle numbers within the watering and grazing capacity of the project area, as negotiated during the formulation of the participatory range management plan</p>

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>5</p> <p><u>Animal Health and Production:</u>  Survey of fodder production of natural grazing grounds and indicative participatory range management plan  Animal water points constructed consistently with fodder resources  Significantly improved cattle and small livestock health conditions  A network of farmer-nominated village paraveterinary technicians, including women, carry out preventive veterinary medicine for large and small livestock  Livestock-owners pay the full cost of vaccinations through village paraveterinarians  The DRSA properly handles the drug and vaccine revolving fund, improve the monitoring of the animal health situation  Improved animal feeding: DRSA, ISAR and livestock-owners jointly test fodder production and conservation technologies and pasture improvement trials; livestock-owners adopt improved practices.</p> <p>Increased livestock production through breed improvement, introduced once animal health and feed supplies are under control</p> <p><u>Forestry:</u>  Increased supply of wood in the project area  Increased fruit production  Improved revenue of districts</p> <p><u>Financial Services:</u>  Short-term credit available for farmers to finance crops and purchase inputs  Improved bargaining power of farmers vis-à-vis traders  Increased input use</p> <p>Women's groups mobilize the women's investment window for sustainable income-generating activities  Grain and cassava-milling services spread in the project area</p> <p>Improved performance of other service providers to support savings and credit groups not following the GRF pattern</p>	<p>Survival of trees planted by the beneficiary vulnerable households</p> <p>Survey data effectively collected, analysed and discussed with herders  Range Management Plan (RMP) formulated  Water-points constructed  Standards of WUC operations and state of and repairs of the facilities  Number of WUC not performing, cases of water supplies not working for lack of maintenance  Spare pump parts in stock with private traders  Number of cattle water-points turned over to CWPUEs  Quality of performance of the CWPUEs  State of maintenance of water-points  Reduced occurrence of animal diseases  Number of male paraveterinarians successfully operating  Number of women paraveterinarians successfully operating  Subsidy for drugs and vaccines abolished  Amount of drug and vaccines revolving fund</p> <p>Seedlings sold by private nurseries  Areas of local government plantation developed by districts  Area of private tree plantations</p> <p>Qualitative and quantitative verification through PRA surveys</p> <p>Number of GRFs properly managed, amount of savings mobilized, number and performance of inventory credit schemes funded, amounts of credit for agricultural inputs, other purposes of borrowers, cases of loan delinquency and of suspension of matching grant disbursement.</p> <p>Number and quality of women's groups that have used the financial facility, amount of savings mobilized. Number, type and performance over time of income-generating projects funded under the scheme</p> <p>Number, quality of portfolio, savings mobilized and financial sustainability of microfinance groups established by other organizations</p>	<p>Survey data published annually by ISAR  Indicative PRMP  Reports of the DRSA veterinary officers  Reports of the community facilitators  Reports of the international NGOs</p> <p>PRA surveys contracted by the PCU from national specialists</p> <p>Report of international NGO backstopping the DRSA for livestock services</p> <p>Reports of the provincial and district forestry officers  Report of international NGO backstopping the forestry development programme  Separate financial accounts of commune plantations</p> <p>Reports of the fund advisors  Reports of the international NGOs backstopping the fund advisor services  Reports of the PCU financial advisor</p>	



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>PROJECT OUTPUT</b></p> <p><u>Community Development:</u>                      Training of all Umutara provincial officers operating in the project area (Ministry of Gender, DRSA, MINERENA, Public Works), the ISAR station staff, the four Majors, and all members of the development committees of the four districts</p> <p>Training of all cell development committee members in the project approach and in PRA planning of priority community projects, promotion of GRFs and monitoring of eligibility conditions for receiving project matching grants, preparation of budgets for community development plans and cell DFs</p> <p>Assistance to farmers groups in establishing group organization, including water users groups and savings groups, electing group management committees, approving by-laws and internal procedures, etc.</p> <p>33 small offices built, one in each sector</p> <p>Four annual assessments of the environmental impact of project activities</p> <p>Vocational training of minor heads of households.</p> <p><u>Women in Development:</u>                      Training of provincial and district officers of the Ministry of Gender trained in WID, and backstopping of their activities                      Assistance to women's groups in establishing group organization, electing group management committees and managing group affairs                      Women's groups trained in household-management-related subjects                      Assistance to women's groups in planning, procurement and management of income-generating projects                      Effective demand among women for matching grants and training (including paraveterinarian programme) is actually satisfied                      Up to 3 000 illiterate women receive functional literacy training                      4 district women's halls built</p> <p><u>Water Supply:</u>                      Expansion of four priority, piped water supplies for domestic users completed                      Full domestic water supply programme completed (OPEC Fund)                      Animal watering points programme completed after consistency with range management plan has been verified (rehabilitation of 30 valley dams, construction of 14</p>	<p>Number of people trained and quality of training offered</p> <p>Number of people trained and quality of training and backstopping services offered</p> <p>Number of groups established and quality of assistance</p> <p>Number and type of premises constructed</p> <p>Number of environmental assessment studies performed and quality of such studies</p> <p>Number of minors trained and who have subsequently found a job</p> <p>Number of people trained and quality of training and backstopping services offered</p> <p>Number of income-generating project groups established, by type of project and quality of training and other assistance</p> <p>Number of women participating in all project activities and assessment of their effectiveness                      WIF projects actually funded vs. demand</p> <p>Number of women receiving functional literacy training                      Number of halls constructed and equipped</p> <p>Domestic water supplies constructed and operational</p> <p>Number of animal water-points constructed                      Number of WUCs and CWPUAs established and trained, amounts of beneficiary contributions and maintenance funds paid</p> <p>Number and location of agents</p>	<ul style="list-style-type: none"> <li>▪ Progress reports of the PCU</li> <li>▪ Reports of the PCU monitoring and evaluation officers</li> <li>▪ Accounts of the meetings of the project policy steering committee</li> <li>▪ Accounts of the meetings of the provincial steering committee</li> <li>▪ Accounts of the participatory evaluation workshops</li> <li>▪ Progress reports of the international and national NGOs</li> <li>▪ Reports of the cooperating institution's supervision missions</li> <li>▪ Reports of the IFAD supervision missions</li> <li>▪ Reports of the mid-term review and project completion reports</li> </ul>	<ul style="list-style-type: none"> <li>• All service providers take a proactive approach and show strong initiative to obtain project support, produce their proposed AWP&amp;Bs in time and correctly so as to expedite negotiation of the service agreement, and the timely completion of the consolidated project AWP&amp;B for submission to IFAD and the cooperating institution</li> <li>• IFAD and the cooperating institution take into account the project policy objectives and modus operandi described in the appraisal report and in the UCRIDP implementation guidelines during project supervision and carefully review the substance of expenditure proposals submitted by the PCU before issuing non-objection clearance</li> <li>• All progress reports are produced in time and all information requested is collected and adequately processed and analysed.</li> <li>• The PCU takes effective remedial action in case of inadequate delivery of project output by service providers</li> </ul>



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>additional valley dams, 69 boreholes with hand pumps)                      All WUCs (for domestic and animal supplies) established, training provided to run the facilities, users contribution and maintenance funds paid in                      Hand-pump supplier has established network of after-sale agents, keeping adequate stocks of spare parts                      Effective management arrangements in place for the public piped water system                      Water rates charged for piped domestic supplies fully cover operation and maintenance cost of facilities.</p> <p><u>Feeder Roads:</u>                      177 km of feeder roads constructed or rehabilitated (OPEC Fund)                      Local (sector and cell) road maintenance tax</p> <p><u>Technology Advisory Services:</u>                      All district DRSA technicians and the third ISAR staff member trained in the method of participatory diagnosis of farmers' problems, identification of farmer-innovators and joint formulation and monitoring of on-field improved-technology testing with farmers                      Survey of rangelands' natural fodder production                      Participatory range management plan                      Joint field work of DRSA and ISAR officers with local innovative farmers</p> <p>Creation and utilization of the Geographic and Environmental Information Service (G&amp;EIS)</p> <p><u>Crop Production:</u>                      Storage, drying areas and equipment for three seed multiplication centres provided                      Training and supervision of the three farmers' groups in seed multiplication, certification, true labelling, and assistance in seed marketing,                      Establishment of the Umutara Seed Inspection Office of the National Seed Service (NSS)                      Support for privatization of fodder-crop seed farms</p> <p>Distribution of 7 000 agricultural reactivation packages to vulnerable households</p> <p><u>Animal Health and Production Services:</u>                      All veterinary officers trained in the project paraveterinarians programme approach                      Up to 200 village paraveterinarians trained (including women) for small livestock treatment</p>	<p>Accounts of piped water supply organizations in Umutara</p> <p>Kilometres of feeder roads constructed                      Number of local governments that levy the road maintenance tax, transparent use of funds collected</p> <p>Number of technicians working for the project                      Number of people trained and quality of training                      Number of innovators identified, nature of innovations that qualify them                      Number of joint DRSA/ISAR/farmer meetings, by season, subjects discussed and farmers' reactions                      Annual reports on results of the survey of range fodder production                      Number and nature of on-farm technology tests carried out on-station and with innovators</p> <p>Maps produced and reports on use made of G&amp;EIS maps by sector and district development committees</p> <p>Seed multiplication centres constructed and equipment supplied                      Number of farmers groups established, trained and initially backstopped                      Quantity of seed produced                      Quantity of seed certified and sold under true label                      Price of seed compared with grain prices                      Fodder-crop seed farms privatized, quantity of seed sold in a financially sustainable way                      Number of packages distributed, transparency of beneficiary selection, vulnerable households not receiving packages</p> <p>Number of men receiving paraveterinarian training and quality of training and backstopping services                      Number of women receiving paraveterinarian training for treatment of small livestock                      Accounts of the revolving fund and inventory of drugs, vaccines and consumables for paraveterinarians to buy                      Number and adequate design of tests carried out with farmers on fodder production and conservation</p>		

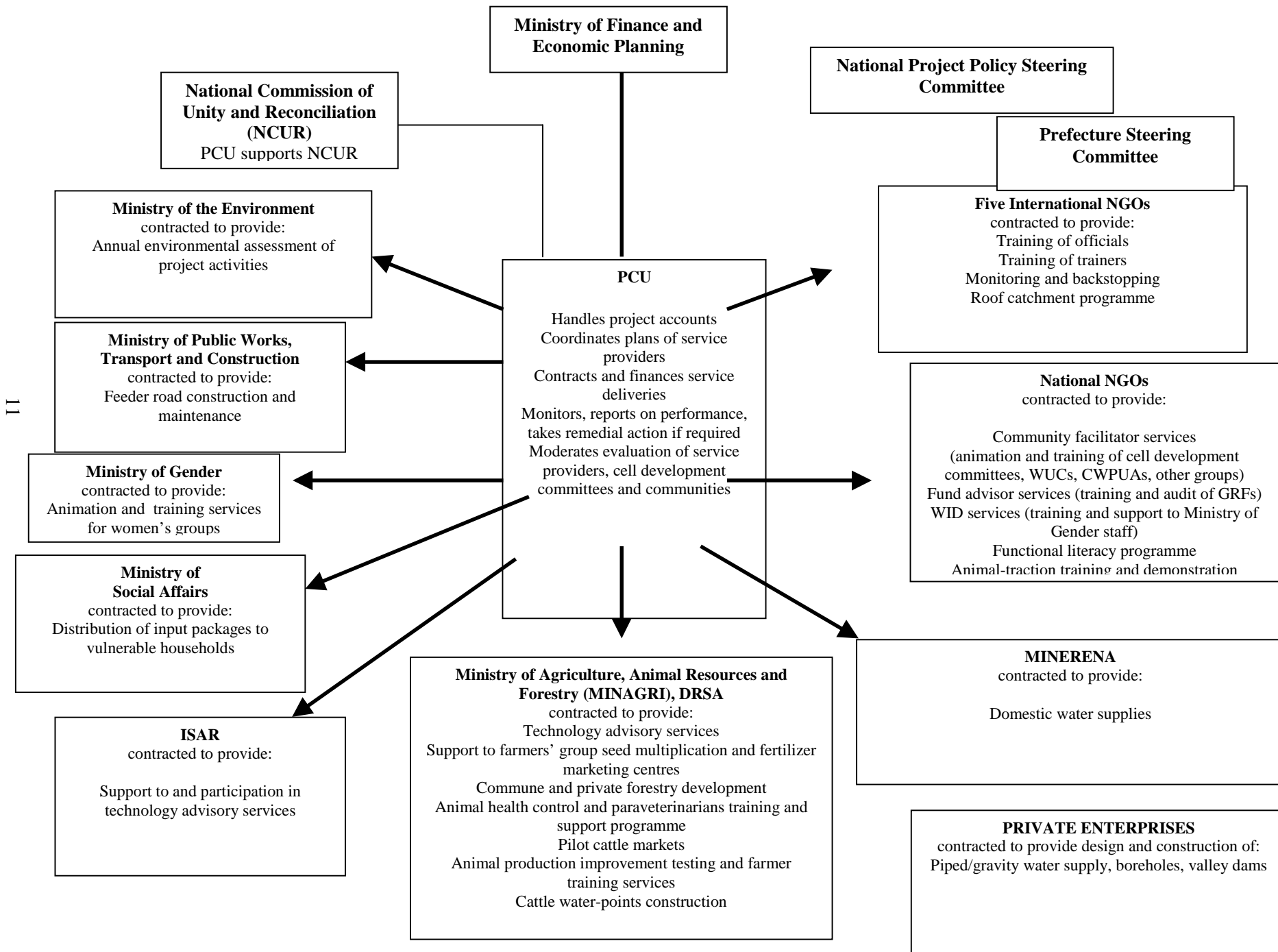
NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>A workable system to sell drugs, vaccines and related consumables to paraveterinarians On-farm testing of different technologies for fodder production and conservation Tests of pasture-improvement methods Two cattle markets constructed</p> <p><u>Forestry:</u> Follow up of 700 ha of trees planted by vulnerable households under the free package distribution program (10 ares each) 1 200 ha of district plantations in the new project area planted in accordance with the participatory forestry plan funded by the UCRIDP</p> <p><u>Financial Services:</u> Up to 100 GRFs established, adequately organized and structured, bank accounts opened and farmers' deposits made GRF managers trained in accounting and revolving fund management All GRF accounts audited annually Matching grants for 100 GRF revolving fund windows and 50 women's investment windows for a total of USD 1 million</p> <p>Pilot project to introduce savings and money management</p> <p>Rwanda Development Bank initiates lending operations in the province to support private enterprise that creates employment for IFAD target group</p>	<p>and pasture improvement Markets constructed, scales installed</p> <p>Trees planted by vulnerable households and report of trees surviving in vulnerable households' tree plots Hectares of district plantation established</p> <p>Number of fund advisors and quality of their performance Number of GRFs established and of GRF managers trained Amount of matching grants disbursed, typology of GRFs by size and structure and quality of portfolio Number of GRF accounts audited each year Number, type and financial sustainability of women's income-generating projects financed Successful testing of proposal in two secondary schools</p> <p>Number, size and nature of private projects funded, employment created (direct and indirect)</p>		
<p><b>Inputs</b></p> <p>The services of international NGOs to provide formal and on-the-job training of government staff, district officers, and national NGOs in the project approach and implementation of sub-components applying the project approach.</p> <p>Community facilitator services provided by national NGOs</p> <p>Women-in-development services provided by a national NGO</p> <p>Fund advisor services to be provided by a national NGO</p> <p>Specific technical advisory services provided by international consultants in survey data analysis, agricultural applied research and development programmes, including tsetse fly control, participatory diagnostic methodology of farmers' problems and identification of farmer-innovators, operation of the G&amp;EIS</p> <p>Specific advice from international specialists, as required, to</p>	<p>AWP&amp;B and progress reports of the PCU</p> <p>Service agreements with the international and national NGOs</p> <p>Procurement procedures and documentation of the PCU</p> <p>Disbursement of project funds (IFAD OPEC Fund, Government counterpart funds, accounts of the GRFs)</p>	<ul style="list-style-type: none"> <li>• Progress reports of the PCU</li> <li>• Progress reports of service providers</li> <li>• On-the-Web reports of the FAIS</li> <li>• Reports of the PCU project evaluation officer</li> <li>• Reports of the cooperating institution's supervision missions</li> <li>• Reports of the IFAD supervision missions</li> <li>• Mid-term review and project completion reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Speed and efficiency of the cooperating institution</li> <li>▪ Availability and timely release of Government counterpart funds</li> <li>▪ International NGO financial support continues throughout the project life as required</li> </ul>



NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>assist the Ministry of Local Government and the PCU in supporting the decentralization policy in the province, to backstop the promotion of local savings and loan associations, and to assist the Ministry of Energy, Water and Natural Resources (MINERENA) and the Umutara District to design a workable solution for managing piped water supplies.</p> <p>Scientific equipment and minor tools to undertake the envisaged surveys of range fodder production and other surveys as required, including funding of related national consultants and required casual labour</p> <p>Funding of all training activities envisaged, including functional literacy training for 3 000 women and minors who are heads of households</p> <p>Funding of all the civil works envisaged, including domestic water supplies, cattle water-points, sector offices, and women's hall buildings, furniture and equipment; feeder roads contracting and rehabilitation, storage, drying areas and equipment for three seed multiplication centres and two animal markets.</p> <p>Vehicles and related operating costs for the district development committees, the provincial Umutara inspector of the NSS, MINERENA, Ministry of Gender and Public Works units, and for the ISAR station</p> <p>Motorcycles for 12 district DRSA officers and 1 ISAR research officer, and related recurrent costs</p> <p>Allowances for government staff participating in project activities</p> <p>Recurrent costs for maintenance of public infrastructure, except for the water supply to be maintained with revenue from water fees</p> <p>The services of the ISAR Umutara agricultural research station, including technical backstopping from ISAR's headquarters</p> <p>7 000 agricultural-production reactivation packages comprising improved seed, fertilizers and tree seedlings</p> <p>Funds for establishing and maintaining 1 200 hectares of district plantations until the first exploitation cycle</p> <p>Matching grants for the GRF revolving fund and women's' investment windows</p> <p>The services of a firm of national accountants to supervise</p>			

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>the work of the fund advisors</p> <p>A line of credit of USD 450 000 and consultancy services (USD 50 000) for the Rwanda Development Bank</p> <p>Funds to hold the annual sub-component participatory evaluation workshops</p> <p>The services of the UCRIDP's PCU, strengthened by a deputy coordinator, a community development coordinator, a second accountant and incremental general service staff, one additional year of a road engineer to assist with implementation of the feeder road sub-component, the construction of two additional residential premises in Nyagatare, incremental office equipment, two additional vehicles, and recurrent costs for five years</p> <p>The financial-activity-impact reporting software (FAIS) and software maintenance funding for three years</p> <p>Funds for the mid-term review and project completion report</p> <p>Annual audits of the project accounts</p>			

# ORGANIZATION AND MANAGEMENT CHART



## ENVIRONMENTAL RECOMMENDATIONS AND HOW THEY HAVE BEEN ADDRESSED

Recommendation	Response
Commission hydro-geologic survey	Issue raised as a result of inadequate technical support of author of recommendations. Matter reviewed by competent hydro-geologist who prepared terms of reference for the provincial water master plan. See also working paper on water supply for Umutara 2 project.
Prepare comprehensive development plan	Project does not allocate land. Need has been superseded by events.
Commission aerial-photographic survey and topographic maps	Existing 1:50 000 series of topographic maps is adequate. Other photographs are being procured. Electronic G&EIS budgeted under twin project for entire province
Voluntary livestock de-stocking scheme	The project responds to demand; fencing of pastureland is progressing fast; the CWPUAs will play an important role in limiting livestock to the carrying capacity of their territory, reducing cattle movement.
Akagera National Park collaboration	Collaboration foreseen with park officials and with the German Agency for Technical Cooperation (GTZ); participation in the project steering committees.
Conduct detailed survey of Umutara livestock populations	Negotiations in progress by UCRIDTP and GTZ to obtain Government's permission for aerial count
Target groups	Done
Access to agricultural inputs	Done
Address labour shortages	Addressed through several components, GRF scheme
Diversify revenue-generating activities	
Credit access	
Provide microcredit	
Strengthen extension services	Expanded to include research. New approach proposed
Environment for small-scale enterprises	Use services of IFAD small-scale enterprises project
Community-based land-use planning	Community development plans, participatory range management plan, forestry development indicative master plan, and G&EIF maps of sector areas envisaged
Indigenous knowledge	Part of participatory diagnosis of farmers' problems, identification of farmer-innovators and on-farm technology testing approach
Integration of crop and livestock production	Included in technology transfer, applied research and animal health and production services
Marketing of hides and skins	Outside project scope
Demarcation of cattle routes and water-points	Already occurring on its own as a result of range privatization. Will be part of CWUPA responsibility, veterinary officers and community facilitators will advise
Dry-season horticulture	See fruit trees, agro-forestry
Stakeholders meetings	Project policy: District task forces, WUCs, CWUPAs, GRFs, women groups, etc.
Producer associations	
Animal health	See animal health sub component
Dairy production, collection and marketing	Private-sector activity. If credit needed, Rwanda Development Bank has a credit line of USD 450 000 that can be used for creditworthy borrowers
Livestock improvement	Included in technology and livestock advisory services, private development if credit needed, borrowers must approach GRF or Rwanda Development Bank
Rotational grazing	Part of research and development activities, result of survey of rangelands' natural fodder production necessary to proceed further
Alternative energy sources	Forestry sub-component addresses fuel-wood scarcity, on-farm agro-forestry includes fuel wood.



## APPENDIX V

<b>Recommendation</b>	<b>Response</b>
Off-farm income	GRF scheme provides financing and special subsidy for women's microprojects. Line of credit to Rwanda Development Bank.
Services related to Akagera	Cattle water-points sub-component, and collaboration with park management and GTZ
Comprehensive market strategy for crops, meat, milk, live cattle	Ambitious and premature, left to AfDB
Commune development strategies	Communes plan roads, DRSA staff participates in planning of technology services and vaccination campaigns. Main project strategy is to empower cell development committees and farmers' associations
Extension to herders	The project supports DRSA livestock services, with emphasis on applied research and testing of fodder production and conservation and attempts at improving pastureland and improved livestock husbandry
Extension package for soil conservation	See technology advisory services sub-component
Distribution centres for planting materials and seed collection	The project supports the expansion of three successful seed multiplication centres to satisfy growing market demand and the establishment of a NSS seed inspection and certification service in the province
On-farm trials	Essential activity of technology advisory services, see text.
Demonstrate forage conservation	Will be part of the animal production sub-component, after necessary on-farm testing
Controlled burning of range	Doubtful recommendation: degraded ranges are improved by burning
Water harvesting	See forest rehabilitation component. Rainfall roof-catchment scheme may be useful only in UCRIDTP area, and that also is doubted by hydro-geologist.
Livestock breeding programme	See livestock improvement
Agro-silvo-pastoral research	Will be part of the technology advisory service, on an <i>ad hoc</i> applied basis
Rural roads	177 km of feeder roads will have no appreciable impact on the environment
Land-use planning	Proposed G&EIS will be used to complement local knowledge at sector level, involving cell development committees and district land committees. Participatory land-use planning will be gradually introduced.
Institutional arrangements	Main thrust of project design