



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board - Seventy-Eighth Session

Rome, 9 - 10 April 2003

PLANNED PROJECT ACTIVITIES
2003 - 2004

At the Second Session of the Executive Board, it was agreed that information on planned project activities would be presented to the Board on a regular basis to enable members to keep abreast of developments in IFAD's project pipeline and, should they so desire, to comment on planned projects at an appropriate stage of the project cycle. Such information has been provided to each subsequent session of the Executive Board in the form of annexes to documents submitted under the relevant agenda items.

At an early session of the Board, some members requested clarification of the nature and intended purpose of the annexes. This was provided at the Eighth Session and is repeated below for convenience.

(a) Annex A

Annex A offers the Board a summary of available information on projects that have reached an advanced stage of design and are thus likely to be presented at one of the Board's forthcoming sessions. Project summaries presented, for the Board's comments, in Annex A of this document will not be presented in subsequent Planned Project Activities documents.

(b) Annex B

Annex B provides a comprehensive list of projects that have entered the pipeline based on the inception memorandum. The annex includes projects that have only been identified, projects that have reached an advanced stage of processing (and have consequently been included in Annex A of the document or of a previous document) and projects that are being presented to the Board for approval at the same session. Annex B provides a ready-reference list of all projects in the pipeline, in addition to information on the country strategic opportunities papers (COSOPs) so far reviewed by the Operational Strategy Committee (OSC) and on COSOPs planned for 2003. This information will allow Executive Board members to discuss issues related to the selection and review of COSOPs.



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

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

This document starts with an overview of planned project activities within the context of IFAD's Strategic Framework.



Acronyms

ARAC	Agricultural Revitalization Advisory Committee (Republic of Moldova)
CEN	Central and Eastern Europe and the Newly Independent States
COSOP	Country Strategic Opportunities Paper
IDA	International Development Association
MAGA	Ministry of Agriculture, Livestock and Nutrition (Guatemala)
MST	Mobile Support Team (Ethiopia)
NENA	Near East and North Africa
NGO	Non-Governmental Organization
OSC	Operational Strategy Committee
PDFF	Programme Development Financing Facility
PF	Eastern and Southern Africa Division
PIU	Project Implementation Unit (Republic of Moldova)
PMU	Programme Management Unit
PN	Near East and North Africa Division
PRDC	Provincial Rural Development Committee (Cambodia)
PTC	Project Technical Committee (Republic of Moldova)
SDRs	Special Drawing Rights
SMEs	Small and Microenterprises
SPA	Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification
TAG	Technical Assistance Grant
UNOPS	United Nations Office for Project Services
WFP	World Food Programme



OVERVIEW OF IFAD's PROJECT PIPELINE AND LINKAGE WITH IFAD's STRATEGIC FRAMEWORK

1. Enabling the rural poor to overcome their poverty constitutes the overall objective of all IFAD supported activities. In doing this, IFAD will concentrate its new investment programmes on the attainment of three key strategic objectives as identified in IFAD's *Strategic Framework for 2002-2006*:

- *strengthening the capacity of the rural poor and their organizations;*
- *improving equitable access to productive natural resources and technology; and*
- *increasing access to financial assets and markets.*

2. The following paragraphs provide an overview of pipeline projects¹ in the different regions and highlight the key areas of support and the linkages with the objectives of the strategic framework (see also Annex B). In addition, a summary of available information on some of the planned projects listed below has been included in the Annex A portion of this document (or in preceding documents). Others will be made available at the Board's forthcoming sessions as projects reach an advanced stage of design.

Western and Central Africa (Africa I)

3. All projects to be developed in 2003 will seek to strengthen the capacity of the rural poor and their organizations. Through management and literacy training among village-based groups, the second phases of the *Senegal Agricultural Development Project in Matam*, the *Chad Kanem Rural Development Project* and the *Mauritania Oasis Development Project III** seek to consolidate earlier phase accomplishments in small irrigation and participatory community development.

4. Improving equitable access to productive natural resources and technology is the overall objective of the *Cameroon Roots and Tubers Market-Driven Development Programme*, as well as the *Support to Local Development Project in North Lower Guinea**. These projects will provide assistance in efforts to increase agricultural productivity, develop agricultural input distribution systems and finance agricultural advice and research-action. The *Burkina Faso Community Investment Programme in Agricultural Fertility Improvement* will build on expertise gained in previous IFAD projects in the country to introduce community-based natural resource management decision-making processes and conservation techniques.

5. In order to increase rural incomes, the Senegal and Chad projects will deepen previous work on microfinancial services development, as well as seek to diversify income sources through the production and marketing of non-traditional crops and the exploitation of off-farm opportunities.

6. Designed in post-conflict contexts, the *Sierra Leone Rehabilitation and Community-Based Poverty Reduction Project* and the *Guinea-Bissau Rural Rehabilitation and Community Development Project* will focus on reactivating food production, on marketing and on improving food security.

Eastern and Southern Africa (Africa II)

7. Eastern and Southern Africa division (PF) planned lending programme in 2003 will further develop the four major thrusts of the regional strategy, but also respond to the special needs of

¹ Some of the projects are in the preliminary stages of design and have therefore not yet been included in the Annex B portion of this document pending the approval of the inception memorandum (these projects have been asterisked).



vulnerable groups in extraordinary situations. The projects clearly and explicitly add to IFAD's engagement in and concentration upon the areas defined in IFAD's regional strategy and strategic framework, a concentration which is allowing a rapid build up of experience and knowledge exchange.

8. PF's planned interventions in Mozambique, Rwanda and Madagascar will focus on the need to increase access to financial services and markets. The *Rural Finance Support Programme* in Mozambique builds upon and extends an existing set of finance programmes embracing Ethiopia, Tanzania and Uganda and within an exploratory framework reflecting the as yet very limited development of the microfinance and rural finance sectors. The *Rwanda Rural Small and Micro-Enterprise Promotion Project – Phase II* and the *Rural Income Promotion Support Programme* for Madagascar are both intended to contribute to the market linkage thrust by supporting rural economic diversification and the exploitation of non-subsistence production.

9. The *Pastoral Community Development Project* for Ethiopia is oriented towards land and water management issues in marginal areas (linking management concerns to the technical inputs that will become available from the research system programme funded by IFAD and the World Bank). Applying what it has learned through its engagement in area-based agricultural development in Kagera and Mara and extension system reform in Uganda and from the experience gained in grant-based farmer field schools in the region, IFAD will pursue improved rural technology and communication systems in Tanzania through the *Agricultural Technology, Information and Extension Services Project*.

10. For the first time in a major way within a lending operation and in response to the special crises that are afflicting many of the poorest in the region, IFAD – in the *Kenya South Nyanza Integrated Community Development Project* – will address HIV/AIDS and the social vulnerability that fuels the epidemic. In Angola (*Rural Reconstruction**), post-conflict assistance will be given to a population returning to the countryside and in need of basic support in the effort to resume production and rural life.

Asia and the Pacific

11. The planned project activities in the region focus squarely on IFAD's strategic objectives embodied in the *Strategic Framework for 2002-2006*. Within the region, specific attention is being paid to the development of less favoured areas, to indigenous people and to the enhancement of women's capabilities.

12. The strategic thrusts of planned projects combine various elements of the *Strategic Framework for 2002-2006*, such as the endeavour to strengthen rural institutions, improve small farmer productivity through appropriate technologies and facilitate access to microcredit and markets. Examples of how planned projects aim to achieve these objectives include the *Microfinance and Technical Support Project* in Bangladesh, which will provide special support to ethnic minorities and women (approximately 90% of the project's direct beneficiaries) so that they can link up with and benefit from the services of local institutions. By focusing on livestock, the project will directly benefit women since livestock, more than any other agricultural activity, is considered women's responsibility. Likewise, in India (*Livelihoods Improvement Project for the Himalayan Region*), the main beneficiaries will be women whose capabilities will be enhanced through the promotion of self-help groups and other community institutions. Furthermore, access to natural resources and microfinance will be supported through land reforms, including redistribution and titling, and the promotion of rural financial services, including assistance in the form of venture capital and improved access to markets.

13. The *Rural Poverty Reduction Project in Prey Veng and Svay Rieng* in Cambodia will promote food security and market-oriented agricultural development activities at the household, village and



commune levels that will have an immediate impact in terms of improved agricultural productivity and household food and income security. The *Community Development Programme* in Pakistan will target the indigenous population in the Kashmir area to mainstream successful gender approaches previously tested by IFAD in order to improve gender equity and to institutionalize effective rural credit delivery systems for marginalized groups hitherto excluded. The *Rural Finance Sector Programme* in China will be providing support for the implementation of policy reforms in rural finance, specifically in the form of the liberalization of interest rates and the provision of microfinance services, as well as support for the development of “Women’s Windows” to facilitate women’s access to financial services.

14. The *Livelihoods Support and Partnership Programme in the Uplands and Dry Zone* (Sri Lanka) will facilitate access to natural resources, notably land and improved technology, and enhance market linkages through effective commercial partnerships and coalitions between private sector operators and the rural poor. It will strengthen grass-roots institutions of the poor and women so that they can be equal partners of private and public sector institutions for their mutual benefit. The *Rural Microenterprise Promotion Programme* (the Philippines) will strengthen the capacity of poor rural area dwellers and their organizations and improve their access to markets, financial services and appropriate technologies for agro-processing and cottage industries.

Latin America and the Caribbean

15. Latin America and the Caribbean division (PL) designed its 2003 lending pipeline to reflect the main strategic thrusts of the strategic framework and the specific needs of the region. The *Programme for the Economic Development of the Dry Region in Nicaragua* focuses on the development of one of the poorest regions in the country. It will enable poor peasants and small microentrepreneurs to participate in the planning and implementation of business proposals. Top priority is given to human and social capital strengthening and empowerment.

16. The objective of the project in Guatemala (*National Rural Development Programme Phase I: the Western Region*) is to strengthen the social, political and economic conditions of the rural population, with particular focus on indigenous people. During the last seven years, the IFAD country strategy has aimed at reducing poverty, while supporting the pacification, reconstruction and development of war torn areas. Now, within the more democratic political environment created by the peace accords, the Fund’s efforts have been redirected toward a programmatic nationwide comprehensive approach to rural poverty and rural development. In both Guatemala and Nicaragua, support for greater access to markets by the rural poor and the development of new opportunities will guide the planning of technical support services for agricultural and small rural enterprises.

17. The new project in Brazil (*San Francisco River Basin Microenterprise Development Project*) will consider the specific needs of small producers, the landless, temporary migrant workers and women, and it will promote employment generation, microenterprise development and production diversification. The design of the project has taken into account the possibility of developing linkages within current government strategies to eradicate poverty. The new Government’s focus on land reform and hunger eradication will allow IFAD to implement fully its strategic framework and create opportunities to support the Government’s policy of land redistribution by providing support services, including rural financial services and the promotion of off-farm activities and microenterprise development.

18. The approach of the project in Venezuela (*Rural Development Project in Semi-Arid Areas – Phase II*) is to support the linkages of small farmers with existing, albeit imperfect, agricultural and industrial markets. It aims at enabling the poor to overcome their poverty through systematic education and training, the creation or strengthening of local social and productive organizations, the provision of rural credit, demand-led and participatory extension, training and credit programmes and



the provision of technical and financial resources for environmental conservation. The proposed project in Mexico (*the Sustainable Agricultural Development Project in the Arid and Semi-Arid Regions**) will promote the social and economic development of rural microregions through a holistic approach by supporting the improvement of human capital, microregional social and economic development and the enhancement of income-generating activities among the target population.

Near East and North Africa

19. The planned project activities for the Near East and North Africa division (PN) in 2003 embrace all three objectives of the strategic framework in an integrated fashion. For example, most projects planned for 2003 include activities that focus on strengthening the capacity of the rural poor, as well as improving their access to natural resources and technology and increasing their access to financial resources and markets.

20. In terms of strengthening the capacity of the rural poor and their organizations, PN's 2003 planned activities in Central and Eastern Europe and the Newly Independent States (CEN) and in the Near East and North Africa (NENA) will focus heavily on institutional capacity-building and the empowerment of the rural poor and their organizations. As an example, the *Agricultural Revitalization Project* in the Republic of Moldova is based on the organization of rural communities into village-level development committees that will be responsible for the preparation of local development plans to be cofinanced by the Government and the beneficiaries. The project also includes institutional capacity-building in order to train the village committees in the submission of business plans and the management of resources. Particular attention will be given in PN to increasing women's capabilities and women's access to resources. This effort will be supported through the ongoing NENA gender-mainstreaming programme, which focuses on improving the capacity of local institutions to target women in development activities (a similar programme will cover the CEN region).

21. In line with the strategic objective of improving equitable access to productive natural resources and technology, PN's planned projects in 2003 will intervene in rangeland management and the empowerment of range users' associations (Morocco's *Livestock and Rangeland Development Project in the Eastern Region – Phase II*) and in sustainable agricultural production through the promotion of appropriate technologies for marginal and dryland areas (Turkey's *Sivas Erzincan Development Project*). Two additional projects will concentrate on natural resource management and community development with emphasis on water management (Algeria's *Rural Development Project for the Mountain Zones in the North of the Wilaya of M'Sila* and Sudan's *Gash Sustainable Livelihoods Regeneration Project*).

22. Establishing market linkages for the rural poor and providing the rural poor with access to microfinance is another important component of PN's activities in 2003. This includes setting up farmers' associations and marketing cooperatives, as in Turkey's *Sivas Erzincan Development Project*, and establishing market linkages between traders and village groups, as in the *Agricultural Revitalization Project* in the Republic of Moldova. An ongoing study on comparative advantage and agricultural marketing in the CEN region should give some indication of the priority areas and opportunities that should be the focus of the CEN countries, including Moldova, in terms of agricultural production and marketing.

<p>Region: Western and Central Africa</p> <p>Programme Name: Community Investment Programme in Agricultural Fertility Improvement</p> <p>Programme Cost (USD million): 42.6</p> <p>IFAD Loan (USD million): To be determined</p> <p>Proposed Terms: Highly concessional</p> <p>Present Status: Under appraisal</p>	<p>Country: Burkina Faso</p> <p>Per Capita GNI:¹ 210</p> <p>Population (million):¹ 11.6</p> <p>Leading External Financier:² IFAD</p> <p>Cofinanciers: Discussions ongoing with African Development Bank and the German Credit Institution for Reconstruction</p> <p>Appraising Institution and Loan Administrator: IFAD and African Development Bank</p>
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Programme Objectives

Nearly one fifth of the country's population is chronically food insecure, and about 45% of the population live below the poverty line, estimated at USD 112 (XOF 72 690). Poverty strikes mainly rural areas, which account for nearly 95% of the poor. In the eastern region, poverty has increased markedly, even in the cotton production zones, due to natural resource degradation, lack of equipment and the lack of integration between agriculture and livestock. The main objective of the proposed programme is to contribute to improved food security in eastern Burkina Faso, alleviate poverty and ensure sustainable development through natural resource protection. To achieve this, the programme will seek to: (i) enhance agricultural productivity in a sustainable manner; (ii) contribute to soil protection and rehabilitation through soil and water conservation techniques, soil restoration, agroforestry and livestock paths; (iii) support income-generating activities and assist vulnerable groups, particularly women and rural young, in gaining access to land; and (iv) provide assistance to rural organizations so as to strengthen their capacity. The programme will support additional activities aimed at improving the living conditions of rural families such as: (i) opening up areas to facilitate input and output marketing; (ii) partially maintain livestock on farm land; and (iii) improve the capacity of the target group through training.

Programme Beneficiaries

The programme will be located in the eastern region, composed of five provinces (Gourma, Komondjari, Gnagna, Tapoa and Kompienga). It will benefit rural poor families which are nearly landless and do not own livestock and the women and young people in the 300 villages who cultivate the lowlands but do not own them. The target group will not exclude relatively less poor farm families because they can be vulnerable and food insecure during certain seasons. About 20 000 families, composed of over 150 000 people, are expected to benefit from the programme activities. Of these people, about 17 000 farmers who do not own livestock will benefit from the introduction or the development of fattening activities.

Programme Components

The programme will be built on three components consisting of:

(a) Infrastructure Development and Agricultural Intensification

Through this component, the programme will contribute to the development of agricultural land on the basis of a partnership with eligible village communities. Eligibility will depend on the following criteria: soil degradation, land pressure, agricultural income, potential for improving soil fertility and potential for developing lowlands. It will support four sub-components: (i) partnership

¹ 2001 data; gross national income (GNI) in United States dollars.

² The external financier who, at the request of the Government, takes the lead in project design, pre-appraisal processing and the mobilization of external resources.



through a “provincial team” that will provide information and support village-level work based on a local agricultural investment programme and a contract between the community and the programme; (ii) the development of watersheds designed to protect 30 000 ha from erosion for about 20 000 farmers who will be trained in appropriate anti-erosion techniques; (iii) intensification in watersheds and small-scale livestock husbandry to generate financial resources and produce manure; (iv) the development of lowlands, while addressing issues such as land tenure, livestock wandering, destruction from water runoff and the marketing of commodity surpluses; and (v) environmental management for component (i), focusing on anti-erosion techniques.

(b) Capacity-Building

Funds will be provided for (i) training and capacity-building through support for functional literacy, the professional training of beneficiaries and service providers, information and communication, environmental management, research-action studies; and (ii) strengthening social and public infrastructure that focuses on microfinance, training and literacy facilities, wells for drinking water, water points for livestock, and feeder roads for the marketing of agricultural inputs and outputs.

(c) Programme Organization and Management

A programme management unit (PMU) will be created and located in Fada N’Gourma. This unit will be granted administrative and financial autonomy within the confines of its annual technical programmes and budget. It will rely on provincial teams designed to implement and assist local service providers recruited on a tender basis.

Programme Implementation

Overall responsibility for this seven-year programme will rest on the Ministry of Agriculture and Water Resources. The ministry will lead a national-level steering committee in which beneficiary representatives and other regional stakeholders will participate. An advisory committee, composed of beneficiary representatives and the concerned decentralized communities, will be formed in each province. The PMU will be responsible for the programme’s day-to-day implementation.

Important Features

A main feature of this proposed programme is the close collaboration it will pursue with programmes and projects already under way in eastern Burkina Faso. Key among these is the IFAD/World Bank-funded *Community Development Programme*. The Community Investment Programme in Agricultural Fertility Improvement will rely heavily on and benefit from the activities of the latter programme, which already started operations.

Main Issues

During appraisal, the following issues will be addressed: (i) the review and finalization of programme implementation arrangements; (ii) the further review of the issue of targeting, while ensuring that programme support can reach the intended target groups through reliance on compatible instruments; and (iii) the finalization of cofinancing arrangements.

Previous IFAD Operations

So far, IFAD has approved seven projects for a total of SDR (Special Drawing Rights) 54.7 million (two initiated by cooperating institutions and five initiated by IFAD). One project has been jointly financed with the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA), and another has been exclusively financed through the SPA. Four projects are currently being implemented.

Region: Western and Central Africa	Country: Sierra Leone
Project Name: Rehabilitation and Community-Based Poverty Reduction Project	Per Capita GNI: ¹ 140
Project Cost (USD million): 15.0	Population (million): ¹ 5.1
IFAD Loan (USD million): To be determined	Leading External Financier: ² IFAD
Proposed Terms: Highly concessional	Cofinanciers: To be determined
Present Status: Under formulation	
	Appraising Institution and Loan Administrator: IFAD. Cooperating institution to be determined

Project Background and Objectives

By late 2001, the Government of Sierra Leone had made remarkable strides in re-establishing peace. The donor meeting held in Paris in November 2002 recognized that Sierra Leone had made significant progress in the economic recovery and rehabilitation process. However, it was acknowledged that the country would still face formidable challenges in the post-conflict era, mainly in reducing rural poverty and the creation of adequate rural infrastructure, as well as the restoration of basic production capacities and related services. Against this background, the proposed project – in addition to other IFAD initiatives contributing to the process of Sierra Leone’s economic recovery – will constitute an integrated response to the need to rehabilitate and sustain essential services and restore the basic production capacity to the pre-war level. The overall objective of the project will be to improve the livelihoods and living conditions of rural communities, with an emphasis on women and other vulnerable groups, by building up the capacity for participatory community development, thereby reconstructing the social fabric and enhancing reconciliation efforts. Given the post-conflict situation, a certain degree of flexibility will have to be maintained, even while there is a focus on known areas of urgent need. The project’s immediate objective will be to restore agricultural production as much as practicable to pre-war levels through short-term rehabilitation initiatives that can be implemented in a timely fashion.

Project Beneficiaries

The project will be nationwide in scope and encompass both the north-western and the south-eastern provinces. It would allow development activities to be undertaken under more peaceful and stable conditions in the north-western region, but would also allow IFAD to address appropriate areas of need in the south-east at a pace permitted by the evolving conditions. The target population will comprise war widows, internally displaced persons and other vulnerable groups. Women, who account for 51% of the total population, will receive special attention as mothers, producers and community managers.

Project Components

(a) Support for Household Food and Income Security

This component will address the key issue of household food self-sufficiency, including the provision of agricultural inputs and the regeneration of small livestock, in order to restore the production capacity and foster the permanent stability of households. A community committee of input distribution will be established in each community to identify vulnerable groups, determine the eligibility of proposed beneficiaries and assure the transparency of the distribution system.

(b) Rural Infrastructure Rehabilitation

The aim of this component will be to rehabilitate and strengthen the provision of social and economic infrastructure for human development and to reduce human suffering, malnutrition and ill health. In order to achieve this, the component will address the following sectors: water supply,



sanitation, feeder roads and tracks, health centres, schools, shelters and various other areas of socio-economic infrastructure. Preference will be given to microprojects that can be implemented by the community, as well as to labour-intensive methods so as to maximize the impact on employment generation.

(c) Support for community-based institutions and participatory development

This component will aim at empowering local communities by restoring the security of livelihoods and basic entitlements so that marginalization is diminished and communities can become proactive in managing local resources and mediating reconciliation and conflict resolution at the local level. The project will (i) enhance the capacity of communities and their grass-roots organizations to participate in their own economic and social development and (ii) promote a process of social mobilization and participatory planning that will enable the communities to plan, select, implement, monitor and evaluate project investments. To this end, the project will (i) establish partnerships with civil society organizations and, more particularly, non-governmental organizations (NGOs), which will serve communities by helping to identify needs and opportunities and to strengthen the capacity of the communities to plan and manage the development process; participatory rural appraisals will be undertaken in each participating community, and community development plans will be drawn up based on these; (ii) assist communities through the provision of basic literacy, accounting and management and (iii) establish a community development fund as a major financial tool for strengthening community cohesiveness and reconciliation.

Project Implementation

The particular political context of Sierra Leone, the nature of the project and the necessity for the balanced participation of several governmental and social actors require that the project organization be autonomous, flexible and reliable. This requirement will be examined and assessed thoroughly in order to develop a proposal that will allow flexible financial and operational schemes capable of responding to emerging needs through efficient delivery mechanisms. The project duration is expected to be five years, at the end of which the project would be expected to have reached the immediate objective of restoring agricultural production as much as practicable to pre-war levels.

Important Features

Through this project, IFAD will assist the Government of Sierra Leone in moving quickly into a sustainable development phase through the priority given to support for viable livelihood strategies among households at the community level. The project components will address the need to provide a quick remedial impact, while laying the basis for long-term rehabilitation and productivity. Household food security, rural infrastructure and natural resource management will receive high priority through innovative features that can improve productivity and prevent environmental degradation. The project will rely on a community-driven development approach and involve the active participation of the project's clients in the design, implementation and monitoring of the project interventions. Finally, there are a number of promising areas for collaboration between IFAD and the donor community in respect of infrastructure rehabilitation and community development. In particular, the programme to be financed by IFAD will be closely linked to the ongoing *Special Programme for Food Security*, which has been initiated by FAO.

Main Issues

The formulation/appraisal team will need to keep in mind a number of basic considerations in designing the financing and disbursement mechanisms at community level. Furthermore, the prevalence of HIV/AIDS among the population calls for a multisectoral response, along with a full recognition of HIV/AIDS as a development problem. Particular attention will be paid to this issue,



and links will be established with the national HIV/AIDS programme financed by the World Bank, as well as UNAIDS in Sierra Leone. IFAD has financed, through supplementary grant funding, a support mechanism to restore the productive capacity of war widows. The formulation mission will draw lessons from this experience, scale up specific activities for women in the proposed project and closely interact with the Norway-sponsored programme in the Western and Central Africa, implemented by the Africa I division.

Previous IFAD Operations

IFAD has financed four projects (two initiated by a cooperating institution and two initiated by the Fund) for a total of SDR 24.0 million. One of these projects has been jointly financed through the SPA. One project is currently being implemented.

Region: Eastern and Southern Africa	Country: Ethiopia
Project Name: Pastoral Community Development Project	Per Capita GNI: ¹ 100
Project Cost (USD million): 56.0 (first phase)	Population (million): ¹ 65.8
IFAD Loan (USD million): To be determined	Leading External Financier: ² International Development Association (IDA)
Proposed Terms: Highly concessional	Cofinanciers: IFAD
Present Status: Formulation completed	Appraising Institution and Loan Administrator: World Bank/IFAD and World Bank (IDA)

Project Background and Objectives

The Pastoral Community Development Project is a joint IDA/FAO/IFAD response to the Report of the United Nations Secretary-General dated 30 September 2000 on strategies for concerted government and UN agency action to eliminate chronic and structural food insecurity in the Horn of Africa. The IDA-initiated and jointly developed project is the first phase of a long-term programme aimed at reducing poverty, food insecurity and vulnerability through community-led investments among pastoralists and agropastoralists living in the lowlands in Ethiopia. The objective of the first five-year phase of the project is to promote sustainable livelihoods through community-driven development underpinned by improved local governance structures. More specifically, the project will support participatory problem analysis, research, and conflict resolution by strengthening the capacity and empowering traditional social structures at village and district levels. It will also provide a forum for policy dialogue and advocacy among key stakeholders at federal level, complemented by decentralization and the devolution of powers to the regions. In order to improve livelihoods, the project will enhance the effective delivery of support services through investments in agricultural research, extension, marketing and rural finance. The sustained increase in household incomes will be complemented by better access to social services. The establishment of early warning systems and disaster preparedness plans will also improve the resilience and ability of beneficiaries to cope with external shocks and reduce the impact of drought and famine.

Project Beneficiaries

The beneficiaries of the first phase consist of about 450 000 rural households living in 30 *woredas* (districts) of Afar, Somali, Oromiya and the Southern Nations, Nationalities and Peoples' regions. These four regions account for at least 95% of the total pastoral population in Ethiopia, which is estimated at about 7.8 million people (or 12% of the country's population). These people derive most of their livelihood from the transhumance husbandry of livestock on natural pastures. They also supplement household incomes by engaging in opportunistic crop farming, trading, handicrafts, salt excavation, charcoal burning, wage employment (labour migration) and other activities. The typical household consists of five to twelve people, with per capita income estimated at the equivalent of USD 110. Project beneficiaries include woman-headed households (about 20%) and a limited number of destitute refugees dependent on food aid, especially where traditional social safety net mechanisms have failed.

Project Components

(a) Sustainable Livelihoods

Through this component, the project will build capacity in support of community empowerment at *kebele* (village) and *woreda* levels with respect to the regional government administrative framework. It will accomplish this primarily by strengthening the capacities of pastoral communities to determine and manage their own development. In addition, the project will establish mobile support teams (MSTs) to work with beneficiaries, *woreda* and *kebele* staff in participatory situation analysis,



problem identification and resolution. The MSTs will be established by recruiting qualified expertise through diverse sources at federal and regional levels, including a strong complement of staff seconded from reputable non-governmental organizations (NGOs) under contract. A community investment fund to finance microprojects identified by beneficiaries, with the support of the MSTs, will also be established, and, in addition, investments will be undertaken to improve the direct delivery of core support services in response to the needs and priorities of pastoral and agropastoral communities.

(b) Pastoral Risk Management

Financing will be provided for (i) the establishment of early warning systems and (ii) the promotion of participatory drought contingency planning. These activities will be complemented by institutional capacity-building at kebele, woreda and regional levels in order to assist beneficiaries prepare sound drought contingency plans, monitor local disaster indicators and manage funds for rapid drought response through the establishment of a drought preparedness and contingency fund. This fund will support activities identified and prioritized in the contingency plans such as small feeder roads, improved water management, fodder banks and range improvement, as well as funds set aside for rapid response in areas such as destocking, water tankering, human and animal disease outbreaks and critical infrastructure development.

(c) Project Support and Policy Reform

Through this component, the project will (i) establish a participatory monitoring and evaluation system, (ii) undertake policy analysis, research and reform (for example, natural resource management, land tenure practices, land and water user rights, sedentarization) and (iii) ensure the effective management of and coordination among project activities in the four regions.

Project Implementation

In line with evolving institutional and policy reforms, the project will build upon the existing public institutional framework. The respective regional governments will have overall responsibility for the implementation of the project. Streamlined project coordination units will be established within the Ministry of Federal Affairs and the pastoral development commissions at the regional level. The institutional capacity of community-based organizations and the woreda and kebele administrative structures will also be strengthened in a manner that will harness synergies and ensure effective and timely project implementation. Oversight and policy direction will be provided by the recently established interministerial Emerging Regions Development Board, which is chaired by the minister of federal affairs. The parliamentary Standing Committee on Pastoralism has already demonstrated its ability to play an increasingly strong policy-advocacy role during implementation. Each region will establish a regional support team that will provide backstopping for the MSTs. At the woreda level, community development boards will coordinate project activities and provide guidance to the MSTs.

Important Features

The project is in line with IFAD's country strategy, which calls for, *inter alia*, increased partnerships, cofinancing and meaningful beneficiary participation and empowerment. During project formulation, IFAD has had the opportunity to influence proactively the shape of the emerging strategies and proposed investments in favour of the most vulnerable rural poor. Project activities will be based on people-centred "livelihood" approaches that represent an important departure from the approaches in traditional livestock and rangeland management development projects. Community-driven development will be central to the project, and, for this reason, communities themselves will constitute the true implementing agencies of the Pastoral Community Development Project. To this



end, the project will enhance the role and institutional capacity of traditional, community-based organizations. The project will also support the ongoing decentralization process, whereby the regions are at the forefront of programming and implementation.

Main Issues

Some of the main issues to be addressed during appraisal include (i) the linkages between planned project activities and current famine relief operations; (ii) the resolution of conflicting claims over rights to land and water, particularly between the pastoral majority and the more sedentary households; (iii) government policy on sedentarization; (iv) the targeting of planned investments in favour of woman-headed households and refugees and (v) detailed project implementation arrangements based on the findings and recommendations of the ongoing studies on monitoring and evaluation, the institutional analysis and the project implementation manual.

Previous IFAD Operations

To date, the Fund has approved ten projects (three initiated by a cooperating institution and seven initiated by IFAD) for a total of SDR 106.8 million. One of the projects has been jointly financed through the Regular Programme and the SPA, and another one has been exclusively financed through the SPA. Four projects are currently being implemented.

Region: Eastern and Southern Africa	Country: Rwanda
Project Name: Rural Small and Microenterprise Promotion Project	Per Capita GNI: ¹ 220
Project Cost (USD million): 20.0	Population (million): ¹ 8.7
IFAD Loan (USD million): To be determined	Leading External Financier: ² IFAD
Proposed Terms: Highly concessional	Cofinanciers: To be determined
Present Status: Under formulation	
	Appraising Institution and Loan Administrator: IFAD and the United Nations Office for Project Services (UNOPS)

Project Objectives

Agricultural development strategies alone have not proved to be a wholly comprehensive and satisfactory response to rural poverty and food insecurity in Rwanda. As a complementary strategy, rural small-scale enterprise promotion has an important place in Rwanda's poverty eradication strategy. In general, small and microenterprises (SMEs) in Rwanda are still quite underdeveloped and are characterized by low performance technologies and poor management. To overcome these constraints, the proposed project will provide direct support to SMEs and will also support the creation of a sustainable framework for SME development. The overall aim of the project will be to promote the development of rural SMEs. This will be pursued through (i) the increase in the production of rural SMEs; (ii) product diversification among SMEs; (iii) the promotion of the development of appropriate technologies; (iv) the promotion of a network of professional producer associations which can evolve into cooperatives, unions and federations capable of responding to the needs of the most impoverished producers; (v) the reinforcement of systems capable of providing appropriate support services to the most impoverished members of entrepreneur associations; (vi) the establishment of an operational system ensuring attractive market and marketing channels to small entrepreneurs for their products; (vii) access to rural financial services that are adapted to different financing needs and (viii) the improvement of the regulatory framework of SMEs. The project will build upon the achievements and lessons learned during the implementation of the IFAD-initiated *Rural Small and Micro-Enterprise Promotion Project* (Loan 411-RW) due to close on 31 December 2003.

Project Beneficiaries

The project will ensure progressive coverage of the country. It will operate in the Byumba and Ruhengeri Prefectures covered during Phase I, in the provinces where IFAD-funded projects operate in support of SMEs (Umutara, Gikongoro, Kibuye and Kigali-Ngali) and where complementary assistance can be provided, and in one or two provinces to be identified during formulation. Different actions will be supported according to the characteristics and the requirements of the areas. The principal target groups will consist of family-run enterprises and small enterprises. Attention will be given to the needs of the particularly vulnerable, including women, especially women-heads of household who have generally only benefited marginally from development programmes; young, underemployed, or unemployed rural people; minors who are heads of families (war and HIV/AIDS survivors); households affected by HIV/AIDS, and demobilized soldiers who have settled in rural areas.

Project Components

(a) SME Capacity Building

Though this component, the project will support (i) awareness and information-communication campaigns; (ii) organization and participatory planning (the preparation of diagnostics and



development planning for SMEs); (iii) functional literacy training; (iv) the strengthening of local development management skills, with particular attention to training; (v) the identification and training of external service providers; (vi) support for the emergence of professional organizations; (vii) the strengthening of grass-roots organizations; (viii) the structuring and training of mutual support groups.

(b) Support for Rural SMEs

The project will support (i) rural SMEs, including the formation, identification and preliminary validation of SMEs, pre-investment studies and the establishment of SMEs that are coherent with the expressed needs of the rural poor and (ii) cross-cutting activities and support activities (for example, strategic and marketing studies for the production of SMEs, support for commercialization, and technology transfer, programming and implementation support).

(c) Support for Microfinance Institutions

This will involve (i) the establishment and strengthening of microfinance institutions; (ii) the strengthening of specialized operators; (iii) support for supervisory authorities (Minecofin, banks); (iv) the provision of financial support, including (a) microcredits to facilitate the access to credit of the most impoverished; (b) credit funds for SMEs through popular banks and (c) technology support; and (v) strategic and marketing studies in microfinancing.

Project Implementation

The Ministry of Commerce, Industry and Tourism will assume the overall responsibility for the implementation of this seven-year project. A national project coordination committee will have responsibility for overall project coordination. Provincial project coordination committees will ensure coordination at the provincial level. The project will be managed and coordinated on a day-to-day basis by the project coordination unit established through the project. This will be accomplished in close collaboration with the provincial project coordination committees. The project will further strengthen and build on the ongoing decentralization in Rwanda and develop functioning provincial and district linkages that will support the tasks of the project coordination unit. The implementation of the project will involve a focus on the creation of sustainable opportunities for entrepreneurial development among the rural poor. It will support the creation of off-farm employment in view of the limited expansion opportunities in agriculture. It will develop close linkages with other Government and donor-funded programmes (the World Bank, the European Union, the African Development Bank, the United States Agency for International Development, Swiss Cooperation and so on) to ensure complementarity and the mainstreaming of activities.

Important Features

Building on the decentralization process, the project will establish and develop a decentralized system that gradually will assume full responsibility for project planning and implementation and aim to be fully functional by the end of the project. In the provinces and districts, it will attempt to build a decentralized network of young advisors who can support SME development and operations. To assure sustainability, the focus will be on the viability of enterprises, while the rural poor and, particularly, women and youth will be targeted.

Main Issues

During appraisal, the following issues will be addressed: (i) the coverage of the project and the respective size of the components; (ii) decentralization approaches, including the strengthening of institutions; (iii) coordination mechanisms and linkages to other programmes; (iv) the detailed



management structure and the project coordination unit and (v) the identification of targeting mechanisms and viable approaches that reach out to the poor.

Previous IFAD Operations

So far, IFAD has financed ten projects (all initiated by the Fund), for a total of SDR 81.9 million, through the regular lending programme. Currently, four projects are being implemented. The *Smallholder Cash and Export Crops Development Project* is expected to become effective shortly. The loan agreement was signed in February 2003.

Region: Asia and the Pacific	Country: Cambodia
Project Name: Rural Poverty Reduction Project in Prey Veng and Svay Rieng	Per Capita GNI: ¹ 270
Project Cost (USD million): 18.3	Population (million): ¹ 12.3
IFAD Loan (USD million): To be determined	Leading External Financier: ² IFAD
Proposed Terms: Highly concessional	Cofinanciers: Discussions ongoing with the World Food Programme (WFP)
Present Status: Formulation completed	Appraising Institution and Loan Administrator: IFAD and UNOPS

Project Objectives

Cambodia is one of the poorer countries in the world and shows low human development indicators. It has been estimated that 23% of all the poor people in Cambodia live in the provinces of Prey Veng and Svay Rieng.³ These provinces have, respectively, the third and the sixth highest poverty rates in the country. Food insecurity in the project area is a major aspect of poverty, and increasing vulnerability is placing serious pressure on the livelihoods of poor households. Against this background, the proposed project's strategic goal will be to reduce poverty through social and economic development involving the active participation of the poor. More specifically, the project will seek to (i) enable poor households in the project area to achieve greater food production and farm incomes from intensified and diversified crop and livestock production and improved natural resource management; (ii) raise the access of the poor to productive natural resources, technology, services and markets and (iii) strengthen the capacity of the poor and their organizations to plan and implement development programmes and, for their own economic and social development, use the services made available through the Government and other sources.

Project Beneficiaries

The project area will comprise the two provinces of Prey Veng and Svay Rieng in the south-east of Cambodia and covering 19 districts and 196 communes. The target group will consist of 143 000 households, or nearly 700 000 people in the project area who are living below the national poverty line. Women will be an important part of the target group because they play a major role in the social and economic development of families and communities through their productive, reproductive and community activities. By the completion of the project, the project is expected to have benefited directly and indirectly 854 100 people (or 174 000 households) in 148 communes in 12 districts. Of this total, approximately 48 000 households in 80 communes will directly benefit from the agricultural investments of the project.

Project Components

(a) Agricultural Investment

The component will aim at increasing agricultural productivity since the majority of the population in the project area depend on agriculture for their livelihood. It will cover about 40% of the families in about 80 of the poorest communes (about 50 in Prey Veng and about 30 in Svay Rieng). Funds will be provided to support five programmes: (i) livelihood improvement groups; (ii) farming systems improvement; (iii) improvement of agriculture support systems; (iv) natural resources and environment management and (v) implementation support. The project will use the agro-ecosystem analysis approach of the national agricultural extension guidelines as the basis for the commune-level planning of agricultural investment activities. Each commune will have (i) 12 livelihood improvement groups, each with about 25 very poor families (about 300 farmers) and (ii) 12 farming systems improvement groups, each with about 25 poor farmers (about 300 farmers). In addition, the farming

³ Based on WFP vulnerability analysis and mapping data.

systems improvement groups will undertake about 60 on-farm demonstrations and participate in an 18-week farmer field school programme. The project will also support the provincial departments of agriculture, fisheries and forests in their efforts to improve the capacity and quality of their service delivery to the target group in a participatory and demand-driven manner.

(b) Local Development

Local development will be promoted through three sub-components: (i) *commune rural infrastructure investment*. Through the commune infrastructure development fund, the project will provide funds incremental to the commune/*Sangkat* allocation to the targeted poor communes in order to finance local infrastructure priorities (for example, irrigation and on-farm water management, rural access roads and road maintenance, and drinking water supplies) that are part of the commune development plans and are consistent with the project's poverty reduction objectives. The incremental funding will be used to finance these priorities through the commune/*Sangkat* fund of the commune councils; in addition, beneficiary training (for user groups and village technicians) and implementation support will be provided; (ii) *support for commune and village planning and village organizations*, including training for commune councillors, the members of their planning and budget committees, capacity-building for village-based organizations, vocational skills training and participatory impact assessments; and (iii) *technical assistance* in order to undertake detailed feasibility studies of potential irrigation schemes, a comprehensive groundwater survey and the continuation of the existing groundwater monitoring programme.

(c) Institutional Support

The project will support decentralization and gender mainstreaming at the provincial level and decentralization and deconcentration at the national level. At the provincial level, the project will support decentralized systems and structures for the effective delivery of services through contracts to communes and target group members. It will also support gender mainstreaming in project implementation. At the national level, the project will support the *Seila*⁴ task force, its secretariat and the Ministry of the Economy and Finance through the provision of policy guidance and technical support and of policy dialogue with the Government and partners.

Project Implementation

The organizational structure of this seven-year project will involve the *Seila* task force, the *Seila* task force secretariat, the Ministry of Economy and Finance and the Ministry of Agriculture, Forestry and Fisheries in Phnom Penh. Project implementation will be decentralized to the provincial governments within the framework of the *Seila* programme for decentralized development planning, financing and implementation. Contracts will be established between the provincial rural development committee (PRDC) and provincial implementing agencies and service providers. The executive committee of PRDC and the management unit will be responsible for coordinating the implementation of project activities among the *Seila* task force secretariat, the Ministry of the Economy and Finance and provincial authorities. In each of the two provinces, project implementation will involve (i) at provincial level, the PRDC, the PRDC executive committee and the associated management units, provincial departments of agriculture, fisheries and forests and other provincial line agencies as necessary; (ii) at district level, the district-based staff of the provincial line agencies; (iii) in the communes, the commune councils and their committees and administrations and (iv) in the villages, the self-help and user groups/associations and village development committees. Private sector contractors or user groups will implement all construction work. NGOs may be contracted to assist

⁴ *Seila* is a Khmer word meaning foundation stone. It is the name which has been given to the Government's approach towards decentralized development, planning, financing and implementation.



ANNEX A

and train beneficiary user groups. National and provincial agencies and other projects will provide specialist technical and training support under contract as required.

Important Features

The project design includes two major innovations for IFAD in Cambodia. First, the project will use the commune infrastructure development fund as an instrument to pilot decentralized institutional arrangements for channelling funds to the commune councils and for service delivery by public service providers in response to the needs and priorities of the target group. Second, this is the first external-loan-funded project that will channel funds in Cambodian Riels to the commune councils through their accounts in the provincial treasuries. Third, the project will be directly coordinated by the *Seila* task force secretariat, which will provide a channel and forum for policy dialogue with the Government on issues related to the targeting of the poor, resource allocation, decentralization and deconcentration.

Main Issues

During appraisal, the following issues will be addressed: (i) further discussions will be held with WFP to confirm the likely availability of food-for-work assistance for the proposed target communes, the priority areas for WFP assistance and the possibility of delegating the provinces to handle the transportation, storage and distribution of food; (ii) an assessment will be undertaken of the capabilities and capacity of the Government's audit agency so as to determine whether an external auditing firm should be used to audit the project accounts; (iii) the effort will be continued to identify a source of grant funding to finance the project's national technical assistance requirements; otherwise, technical assistance will be financed through the IFAD loan and (iv) a review will be undertaken of the arrangements for the flow of funds to the commune councils.

Previous IFAD Operations

Three projects (one initiated by a cooperating institution and two initiated by IFAD) have so far been approved for Cambodia, totalling SDR 17.5 million. They are all currently being implemented.



Region: Latin America and the Caribbean	Country: Guatemala
Programme Name: National Rural Development Programme Phase I: The Western Region	Per Capita GNI: ¹ 1 670
Programme Cost (USD million): 36.0	Population (million): ¹ 11.7
IFAD Loan (USD million): To be determined	Leading External Financier: ² IFAD
Proposed Terms: Highly concessional	Cofinancier: Discussions ongoing with the Central American Bank of Economic Integration
Present Status: Under formulation	Appraising Institution and Loan Administrator: IFAD and UNOPS

Programme Objectives

Almost 60% of the country's population lives in rural areas. Among this population group, 81% are indigenous peoples. It is estimated that 87% of the rural population is poor. Extreme rural poverty intensely affects the indigenous communities of Mayan descent. The incidence of woman-headed households has increased due, among other causes, to the effects of the armed conflict which ended with the 1996 peace accord. Against this background, the overall goal of the proposed programme is the reduction of the poverty, exclusion and discrimination experienced by the poorest populations of the western region of Guatemala through the socio-economic development of rural areas in an economically and environmentally sustainable manner. Specific objectives will include: (i) the social and economic development of poor and excluded rural areas of the country's western region; (ii) the empowerment and development of grass-roots and rural women's organizations through increased participation in local and regional development activities and (iii) the strengthening of the capabilities of the institutional operations of the Ministry of Agriculture, Livestock and Nutrition (MAGA) through better targeting and delivery mechanisms.

Programme Beneficiaries

The programme will cover five departments (Huehuetenango, Quetzaltenango, San Marcos, Solola and Totonicapan) of the country's western region, thereby reaching the poorest municipalities of Guatemala. This region accounts for over 60% of the country's native indigenous population. It is estimated that the project area contains close to 550 000 rural poor and over 350 000 extremely poor, 75% of whom are of indigenous origin. The target group will comprise approximately 165 000 persons. The programme will seek to strengthen the sustainable development of 50 000 poor small farmers, landless farmers and rural labourer families located in the region, reaching 30 000 beneficiaries directly and 20 000 indirectly. It is estimated that at least 22 000 small farmers will directly benefit from agricultural technical assistance programmes, including at least 5 000 women heads of household. A total of 12 000 landless farmers will also benefit from agricultural technical assistance programmes. In addition, 3 000 beneficiaries and smallholders' wives will benefit from the productive economic activities supported through training, technical support and financial services. Approximately 25 000 people will benefit from the non-refundable social and productive investments in education and health, water and soil management, environmental conservation and other areas.

Programme Components

(a) Social Development

In order to achieve the sustainable improvement of family income, the component will aim to empower the rural poor and their grass-roots organizations. This will be achieved through the promotion of actions oriented towards human and social capital development and community development, including education and training activities, so as to strengthen the educational levels, working abilities and skills of beneficiaries and grass-roots organizational capabilities systematically.

**(b) Economic Development**

The programme will support the promotion of agricultural and non-agricultural production, as well as off-farm local and urban labour opportunities. Funds will be provided for (i) the provision of technical support services for agricultural and small rural enterprises that is based on the identification of productive technologies for those products generating high market demand; support services will be demand-led and involve participatory mechanisms already implemented in IFAD projects; (ii) the introduction of agricultural innovations, alternative high-income crops and leading-edge technologies to facilitate the participation of farmer groups in local, national and regional markets and (iii) labour skills training and employment support, as an integral part of the rural services offered to the rural poor, with particular emphasis on youth and women in indigenous groups.

(c) MAGA Institutional Strengthening

The programme will support MAGA in the development of an appropriate institutional framework for poverty reduction based on a sound, effective and institutionally sustainable basis. In addition, the programme will promote the creation of coordination mechanisms so that institutions can attain success in poverty reduction and rural development. Mechanisms for public and private sector coordination, planning and implementation will be designed and realized.

Programme Implementation

This six-year programme will be implemented by MAGA. An executive committee will be responsible for providing overall programme guidance, as well as approving and supervising annual operating plans and budgets. A decentralized programme administration unit that is financially and administratively autonomous will be established within the programme area with responsibilities and authority delegated by MAGA. The PMU will operate through municipal and departmental coordinating committees that will include representatives of beneficiary groups.

Important Features

The programme is in line with the Government of Guatemala's poverty reduction and rural and agricultural development policies, as well as IFAD's institutional strategic framework as outlined in the COSOP. Through this programme, IFAD will redirect its efforts towards a programmatic, nationwide and comprehensive approach towards rural poverty and rural development. Priority attention will be given to the most vulnerable population groups and indigenous communities by promoting their inclusion within the social fabric of the country's rural communities, raising their self-esteem and upholding their status as citizens. The programme will address problems in multicultural and intercultural communication as an important first step to empower indigenous communities and thus achieve the improvement of their livelihood in a sustainable manner. All project actions will focus on gender balance.

Main Issues

The formulation and appraisal exercise will (i) analyse existing farmer-to-farmer extension capacities, as well as the availability and cost of (agricultural and non-agricultural) private service delivery for the rural poor and their organizations in the remotest rural areas; in addition, the role of SETEDER, the IFAD TAG programme for improving the technical capacity of local organizations to support rural investment projects in Central America, Mexico, Panama and the Dominican Republic, needs to be analysed; (ii) examine the decentralization process currently taking place in the country with a view both to ensuring that the approach adopted through IFAD's proposed intervention is relevant and to identifying appropriate mechanisms for coordination between civil society and (local and central) government initiatives and (iii) in line with the peace accords, identify mechanisms that will ensure a strong and legitimate representation of beneficiaries (men and women) at all levels of



the programme decision-making process (local and national) and take into account the ongoing decentralization process; this will include the design of an accountability monitoring and evaluation system.

Previous IFAD Operations

Up to now, IFAD has financed five projects (one initiated by a cooperating institution and four initiated by the Fund) for a total of SDR 36.6 million. Two projects are currently being implemented.

Region: Near East and North Africa	Country: Republic of Moldova
Project Name: Agricultural Revitalization Project	Per Capita GNI: ¹ 380
Programme Cost (USD million): 35.4	Population (million): ¹ 4.3
IFAD Loan (USD million): To be determined	Leading External Financier: ² IFAD
Proposed Terms: Highly concessional	Cofinanciers: Discussions ongoing with the United Kingdom Department for International Development, The Netherlands, the Swedish International Development Cooperation Agency and the United States Agency for International Development
Present Status: Under formulation	Appraising Institution and Loan Administrator: IFAD and UNOPS

Project Objectives

Poor economic performance in Moldova since independence and the associated collapse of production and marketing support systems have led to increasing poverty and worsening social welfare. The average annual per capita cash income is estimated at USD 180, the lowest in Europe. As in other transition economies, opportunities for productive employment in rural areas are scarce. Living conditions are difficult, and access to basic services is limited. Many young people have been leaving the countryside in search of employment in other parts of Europe or the Commonwealth of Independent States. Because few jobs pay a sustainable wage and because of the deteriorating socio-economic conditions, living in rural areas has acquired a negative image. Therefore, the overall goal of the proposed project will be to support Moldova's effort to reduce poverty and improve rural socio-economic well-being. To this end, the project's objectives will be (i) to create productive jobs and improve rural assets and (ii) to create a replicable revitalization process in the agricultural sector that involves the effective participation of village communities, supported by the Government.

Project Beneficiaries

The target group will consist of rural communities (covering about 230 000 people in around 46 000 households) in about 50 villages. These villages are poor by international standards. The project will benefit village communities through support for farmers and wage-earners involved in the production of higher value crops and for entrepreneurs involved in agro-services and in the agro-industry. It will benefit vulnerable groups, such as the landless and small landowners, through land consolidation, improved cropping and employment creation. The project is expected to create the equivalent of about 5 000 new jobs in agricultural production and processing. Indirect beneficiaries will be villagers who benefit from the improved income and tax revenue at the village level. The project will be nationwide in scope and will promote equal opportunity for participation by all qualifying interested parties. Information campaigns and community meetings will be organized for this purpose.

Project Components

(a) Institutional Development

Support will be provided for the development of an institutional capability among farmers, entrepreneurs, farmer associations, community-based organizations and agricultural support services. The project will provide technical assistance, along with training (in-country and abroad), to help create self-sustaining organizations and service providers. Funds will also be provided for the introduction of participatory planning and development processes at the village level and for the promotion of community self-reliance.

**(b) Direction of the Revitalization Process**

The project will support the establishment of an agricultural revitalization advisory committee (ARAC), chaired by the minister of agriculture. It will provide general guidance and oversight for market-based sectoral improvements. It will ensure a productive blend of public and private sector interests in guiding the direction of the development process and the allocation of financial and functional support for the agricultural revitalization process in the context of this and other projects. ARAC will be composed of representatives from the Government, legislative bodies, the private sector and rural beneficiaries and will meet twice a year to review the progress in project implementation and address any outstanding policy or institutional issues. The project implementation unit (PIU) will provide the necessary logistical and technical support to the ARAC through the project technical committee (PTC).

(c) Investments in Village Economic Infrastructure

Through this component, the project will support the intensification of commercial agriculture (on about 10 000 ha) so as to create productive employment and value-added at the local level through investments that target (i) the development of small-scale, farmer-owned and farmer-managed irrigation systems; (ii) the improvement/replanting of unproductive orchards (fruits, nuts) and vineyards or the planting of new ones; (iii) the development of fixed assets for cooperative and private livestock operations (for example, stables and sheds for milk and meat cattle, pigs, sheep, poultry/ducks and rabbits) and (iv) the development of village economic infrastructure such as fixed assets for produce-collection centres, facilities for the packaging of fruits and vegetables, refrigeration, quality control, farm machinery leasing and equipment service centres, and small-scale cooperative or private agro-services and agro-industry facilities. Each qualifying village will select from this menu the specific combination of investments in fixed assets that suits its particular conditions and long-term development requirements. Village participants will provide a financial contribution.

(d) Project Management

Support will be provided for the establishment of the PIU, including the administrative and financial support required to render the PTC operational and the necessary support to strengthen other organizations participating in project implementation or in monitoring project performance. The institutional development component will be implemented by the PIU.

Project Implementation

Overall responsibility for the implementation of this seven-year project will reside with the Ministry of Agriculture and Food Industries. The ministry will assume this responsibility through the PIU, the PTC and the ARAC. (The Ministry of Finance may be represented on this committee.) The PIU will be responsible for the overall planning and coordination of project activities, financial management and overall project monitoring and reporting. The PIU will have three field officers in three regions of the country. The PTC will be responsible for providing the necessary support to the programme operations officers in the field and for evaluating the proposals submitted by applicant villages. Other participants with resource management responsibilities include the participating village-level organizations, such as farmer groups, the *primarias*⁵ and participating entrepreneurs.

⁵ Village mayor offices.

**Important Features**

The project is in line with IFAD's strategy for CEN, which aims to support the transition process through sustainable agricultural development programmes that focus on the alleviation of rural poverty through the creation of productive employment and the generation of income. More specifically, the project will assist Moldova in developing the institutional capacity, along with the infrastructure, needed for the revitalization of the agricultural sector. This will be achieved through a partnership between farmers and entrepreneurs by, for example, establishing linkages between the farmers, on the one hand, and agro-services, agro-processing and marketing channels, on the other hand. Village investments will also improve village economic infrastructure and will enhance the quality and value of the land and the other agricultural assets of villagers. In doing this, the project will follow an integrated approach towards the removal of critical constraints, which are the cause of poor sector performance and the associated high incidence of poverty in rural areas. All interventions will be community based and designed and implemented in a participatory manner. The project will also provide incentives for local initiative to achieve self-reliance and to enhance the welfare of the community.

Main Issues

The following issues will be addressed during appraisal: (i) The significant contribution of the beneficiaries in the investment component (70% on average). In view of the current budgetary constraints, this ratio is the only one acceptable to the Government for the time being. The feasibility of such a large contribution will be tested during the first two years of the project period, and a joint Government/IFAD decision will be made at that time regarding any need to change it. (ii) The need to firm up the cofinancing arrangements with donors who have already been approached. (iii) The necessity for the Ministry of Agriculture and Food Industries to issue directives to streamline procedures for the issuance of permits and licences to draw and pump irrigation water from rivers and water reservoirs. Other issues will be examined as they are identified during the internal review process.

Previous IFAD Operations

So far, only one project has been approved for Moldova. It accounts for SDR 5.8 million. The *Rural Finance and Small Enterprise Development Project* is currently being implemented.



PART I – Projects Under Consideration (2003-2004), Classified by the Stage of Processing

PART II – COSOPs Undertaken Since 1995 and Reviewed by the OSC

PART III – COSOPs Planned in 2003

PART I – PROJECTS UNDER CONSIDERATION (2003-2004)
CLASSIFIED BY THE STAGE OF PROCESSING

Region	Country	Population (million) a/	GNI Per Capita Income (2001) (USD)	Project/Programme Name	Nature of Project/Programme	Tentative Loan (USD million)	Primary IFAD Contact	COSOP Reviewed by OSC	Included in Annex A	Tentative Executive Board Presentation
SEVENTY-EIGHTH SESSION OF THE EXECUTIVE BOARD, APRIL 2003										
Africa I										
	Cameroon	15.2	570	Roots and Tubers Market-Driven Development Programme	Agricultural Development	13.0	Mr Toure	Feb 1998	EB 77/Dec 02	Apr 2003
	Chad	7.9	200	Kanem Rural Development Project b/	Rural Development	13.0	Mr Nsimpasi	May 1999	EB 77/Dec 02	Apr 2003
	Senegal	9.8	480	Agricultural Development Project in Matam – Phase II	Agricultural Development	12.5	Mr Ben-Senia	Apr 1998	EB 76/Sep 02	Apr 2003
Asia and the Pacific										
	China	1 271.9	890	Rural Finance Sector Programme	Financial Services	14.7	Mr Martens	Feb 1999	EB 76/Sep 02	Apr 2003
	Bangladesh	133.4	370	Microfinance and Technical Support Project	Financial Services	16.3	Mr Brett	Dec 1999	EB 77/Dec 02	Apr 2003
	Pakistan	141.5	420	Community Development Programme	Community Development Institution-Building	21.8	Mr Attig	Nov 2002	EB 77/Dec 02	Apr 2003
Latin America and the Caribbean										
	Nicaragua	5.2	n.a. (420 in 2000)	Programme for the Economic Development of the Dry Region in Nicaragua	Rural Development	15.0	Mr Rubio	June 2002	EB 77/Dec 02	Apr 2003
Near East and North Africa										
	Morocco	29.2	1 180	Livestock and Rangeland Development Project in the Eastern Region – Phase II c/	Livestock	7.3	Mr Nourallah	Nov 1999	EB 77/Dec 02	Apr 2003
	Turkey	66.2	2 540	Sivas Erzincan Development Project	Livestock	15.0	Mr Rahman	June 2000	EB 77/Dec 02	Apr 2003

Region	Country	Population (million) a/	GNI Per Capita Income (2001) (USD)	Project/Programme Name	Nature of Project/Programme	Tentative Loan (USD million)	Primary IFAD Contact	COSOP Reviewed by OSC	Included in Annex A	Tentative Executive Board Presentation
APPRAISAL COMPLETED										
Africa II										
	Comoros	0.6	380	National Programme for Sustainable Human Development	Natural Resource Management and Agriculture	15.0	Ms Bradley	Jan 2002	EB 76/Sep 02	Sep 2003
	Lesotho	2.1	550	Sustainable Agriculture and Natural Resource Management Programme	Agricultural Development	10.0	Mr Gicharu	June 1999	EB 69/May 00	To be determined
UNDER APPRAISAL										
Africa I										
	Burkina Faso	11.6	210	Community Investment Programme in Agricultural Fertility Improvement	See Annex A	To be determined	Mr Barry/ Mr Beavogui	May 1998		Sep 2003
Asia and the Pacific										
	Iran	64.7	1 750	Forsat Mosawi Finance Programme	Financial Services	To be determined	Mr Attig	Aug 2002	EB 76/Sep 02	To be determined
Latin America and the Caribbean										
	Brazil	172.6	3 060	San Francisco River Basin Microenterprise Development Project	Rural Microenterprises	To be determined	Mr Gariglio	June 1997	EB 75/Apr 02	Dec 2003
FORMULATION/PREPARATION COMPLETED										
Africa II										
	Ethiopia (X)	65.8	100	Pastoral Community Development Project	See Annex A	To be determined	Mr Gicharu	Nov 1999		Sep 2003
Asia and the Pacific										
	Cambodia	12.3	270	Rural Poverty Reduction Project in Prey Veng and Svay Rieng	See Annex A	To be determined	Mr Wang	May 1998		Sep 2003
	India	1 033.4	460	Livelihoods Improvement Project for the Himalayan Region	Livelihood Improvement	To be determined	Mr Khadka	July 2001		Dec 2003

Region	Country	Population (million) a/	GNI Per Capita Income (2001) (USD)	Project/Programme Name	Nature of Project/Programme	Tentative Loan (USD million)	Primary IFAD Contact	COSOP Reviewed by OSC	Included in Annex A	Tentative Executive Board Presentation
Latin America and the Caribbean										
	Mexico	99.4	5 540	Integrated Rural Development Project for the Sierra Micro-Region of Querétaro	Rural development	To be determined	Mr Murguia	May 1999	EB 76/Sep 02	To be determined
	Near East and North Africa Republic of Moldova	4.3	380	Agricultural Revitalization Project	See Annex A	To be determined	Mr Lauridsen	Feb 2002		Sep 2003
UNDER FORMULATION/PREPARATION										
Africa I										
	Guinea Bissau	1.2	160	Rural Rehabilitation and Community Development Project	Rural Development	To be determined	Mr Beavogui/ Mr Barry	Dec 2002		Dec 2003
	Nigeria (X)	129.9	290	Rural Financial Services Programme	Financial Services	To be determined	Mr Saint Ange	Oct 2000		To be determined
	Sierra Leone	5.1	140	Rehabilitation and Community-Based Poverty Reduction Project d/	See Annex A	To be determined	Mr Tounessi	Jan 2003		Sep 2003
Africa II										
	Kenya	30.7	340	South Nyanza Integrated Community Development Project	Rural Development/ Health	To be determined	Ms Bradley	Nov 2001		Dec 2003/Apr 2004
	Madagascar	16.0	260	Rural Income Promotion Support Programme	Rural Development	To be determined	Mr David e Silva	Mar 2000		Dec 2003
	Mozambique	18.1	210	Rural Finance Support Programme	Rural Finance	To be determined	Mr De Willebois	Apr 2000		Dec 2003



	Rwanda	8.7	220	Rural Small and Microenterprise Promotion Project – Phase II	See Annex A	To be determined	Mr De Willebois	Jul 2001	Sep 2003
	Tanzania	34.5	270	Agricultural Technology, Information and Extension Services Project	Agricultural Development	To be determined	Mr Faisal	Apr 1998	Dec 2003/Apr 2004
Asia and the Pacific									
	China	1 271.9	890	South Gansu Poverty Reduction Programme	Rural Development	To be determined	Mr Martens	Feb 1999	To be determined
	Philippines (X)	77.0	1 050	Rural Microenterprise Promotion Programme	Microenterprises	To be determined	Mr Jatta	Oct 1999	To be determined
	Sri Lanka	19.6	830	Livelihoods Support and Partnership Programme in the Uplands and Dry Zone	Rural Development	To be determined	Mr Jatta	Nov 2002	Dec 2003
Latin America and the Caribbean									
	Guatemala	11.7	1 670	National Rural Development Programme Phase I: The Western Region	See Annex A	To be determined	Mr Murguia	Jan 2003	Sep 2003
	Venezuela	24.6	4 760	Rural Development Project in Semi-Arid Areas – Phase II	Rural Development	To be determined	Mr Gariglio	Dec 1999	Dec 2003
Near East and North Africa									
	Algeria	30.9	1 630	Rural Development Project for the Mountain Zones in the North of the Wilaya of M'Sila	Rural Development	To be determined	Mr Nourallah	Oct 1999	Dec 2003
	Sudan	31.7	330	Gash Sustainable Livelihoods Regeneration Project	Irrigation	To be determined	Mr El Harizi	Mar 2002	Dec 2003
INCEPTION/IDENTIFICATION COMPLETED									
Asia and the Pacific									
	Indonesia	213.6	680	Central Sulawesi Indigenous Communities Poverty Reduction	Rural Development	To be determined	Mr Prayer Galletti	Nov 1998	To be determined





Footnotes to Annex B:

- X Projects so marked have been selected from the pipeline of a cooperating institution (indicated in parentheses); the remainder are IFAD-initiated projects, that is, projects identified by the Fund's identification missions or directly requested by governments.
- a/ 2001 data, the World Bank.
 - b/ Former Kanem Community Development Project.
 - c/ Former Livestock and Pasture Development Project in the Eastern Region – Phase II
 - d/ Former Rural Sector Support Programme

PART II – COSOPS UNDERTAKEN SINCE 1995 AND REVIEWED BY THE OSC

- Africa I**
1. Benin (Jun 1997)
 2. Burkina Faso (May 1998)
 3. Cameroon (Feb 1998)
 4. Cape Verde (Oct 1996)
 5. Chad (May 1999)
 6. Congo (Jun 2001 revised)
 7. Côte d'Ivoire (Dec 1997)
 8. Gambia, The (Jan 2003 revised)
 9. Ghana (Jul 1998)
 10. Guinea (May 1999)
 11. Guinea Bissau (Dec 2002)
 12. Mali (Jul 1997)
 13. Mauritania (May 2000)
 14. Niger (Mar 1999)
 15. Nigeria (Oct 2000)
 16. Sao Tome and Principe (Oct 1999)
 17. Senegal (Apr 1998)
 18. Sierra Leone (Jan 2003 revised)
- Africa II**
19. Burundi (Jul 1996)
 20. Comoros (Jan 2002)
 21. Eritrea (Apr 1998)
 22. Ethiopia (Nov 1999)
 23. Kenya (Nov 2001)
 24. Lesotho (Jun 1999)
 25. Madagascar (Mar 2000)
 26. Malawi (Nov 1999)
 27. Mozambique (Apr 2000 revised)
 28. Namibia (May 2002)
 29. Rwanda (Jul 2001 revised)
 30. Swaziland (Jul 1999)
 31. Tanzania, United Republic of (Apr 1998)
 32. Uganda (Dec 1998)
 33. Zambia (Sep 1998)
 34. Zimbabwe (Nov 1998)
- Asia and the Pacific**
35. Bangladesh (Dec 1999)
 36. Bhutan (Jul 1996)
 37. Cambodia (May 1998)
 38. China (Feb 1999)
 39. D.P.R. Korea (Apr 2000)
 40. India (Jul 2001 revised)
 41. Indonesia (Nov 1998)
 42. Iran (Aug 2002)
 43. Kyrgyzstan (Dec 1996)
 44. Laos (Sep 1996)
 45. Mongolia (Nov 1998)
 46. Nepal (Mar 2000)
 47. Pakistan (Nov 2002 revised)
48. Philippines, The (Oct 1999)
 49. Sri Lanka (Nov 2002)
 50. Viet Nam (Oct 2002 revised)
- Latin America and the Caribbean**
51. Bolivia (Nov 1998)
 52. Brazil (Jun 1997)
 53. Caribbean Region (Mar 2000)
 54. Dominican Republic (Jan 2002)
 55. El Salvador (Mar 2001)
 56. Guatemala (Jan 2003)
 57. Haiti (Nov 1999)
 58. Honduras (Oct 2000)
 59. Mexico (May 1999)
 60. Nicaragua (Jun 2002)
 61. Panama (Dec 2000)
 62. Peru (Nov 2001)
 63. Uruguay (Nov 1999)
 64. Venezuela (Dec 1999)
- Near East and North Africa**
65. Albania (Mar 1999)
 66. Algeria (Oct 1999)
 67. Armenia (Mar 2000)
 68. Azerbaijan (Dec 1998)
 69. Bosnia and Herzegovina (Jun 1999)
 70. Djibouti (Nov 2001)
 71. Egypt (Nov 2000 revised)
 72. Gaza and the West Bank (Jun 1997)
 73. Georgia (Dec 1998)
 74. Jordan (Oct 2000)
 75. Lebanon (May 2000 revised)
 76. Morocco (Nov 1999)
 77. Republic of Moldova (Feb 2002 revised)
 78. Romania (Jun 2002)
 79. Sudan (Mar 2002)
 80. Syria (Nov 2001)
 81. The Former Yugoslav Republic of Macedonia (Nov 1999)
 82. Tunisia (Apr 1998)
 83. Turkey (Jun 2000)
 84. Yemen (Mar 2000 revised)



PART III – COSOPS PLANNED IN 2003

In 2003, regional divisions plan to finalize and undertake the following COSOPs:

Africa I: ⁶	Benin (revision) Cameroon (revision) D.R. Congo (part of 2002 programme) Gabon (new) Gambia, The (reviewed by OSC in January 2003) Senegal (revision) (continuation of 2001 work) (work to resume after completion of country evaluation) Sierra Leone (reviewed by OSC in January 2003)
Africa II:	Angola (continuation of 2002 work) Burundi (revision) (continuation of 2002 work) Malawi (revision) (or during 1 st quarter of 2004) Tanzania, United Republic of (revision) Zambia (revision)
Asia and the Pacific:	Central Asia (to be finalized by end of 2003) China (revision, using as a basis planned country portfolio evaluation) India (revision) Laos (revision)
Latin America and the Caribbean:	Colombia (new) Chile (continuation of 2001 work) Ecuador (new) Guatemala (reviewed by OSC in January 2003)
Near East and North Africa:	Armenia (revision) Azerbaijan (revision) (continuation of 2002 work) Bosnia and Herzegovina (revision) (continuation of 2002 work) Egypt (revision) Georgia (revision) (continuation of 2002 work)

⁶ Gabon, pending settlement of arrears. Togo postponed (country still under suspension).

