

a

**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Executive Board – Eightieth Session**

Rome, 17-18 December 2003

**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

**PEOPLE’S DEMOCRATIC REPUBLIC OF ALGERIA**

FOR THE

**RURAL DEVELOPMENT PROJECT FOR THE MOUNTAIN ZONES  
IN THE NORTH OF THE WILAYA OF M’SILA**



**TABLE OF CONTENTS**

<b>CURRENCY EQUIVALENTS</b>	<b>iii</b>
<b>WEIGHTS AND MEASURES</b>	<b>iii</b>
<b>ABBREVIATIONS AND ACRONYMS</b>	<b>iii</b>
<b>GLOSSARY</b>	<b>iii</b>
<b>MAP OF THE PROJECT AREA</b>	<b>iv</b>
<b>LOAN SUMMARY</b>	<b>v</b>
<b>PROJECT BRIEF</b>	<b>vi</b>
<b>PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY</b>	<b>1</b>
A. The Economy and Agricultural Sector	1
B. IFAD’s Strategy for Collaboration with Algeria	2
<b>PART II – THE PROJECT</b>	<b>3</b>
A. Project Area and Target Group	3
B. Project Rationale and Strategy	3
C. Objectives and Scope	4
D. Components	4
E. Costs and Financing	7
F. Procurement, Disbursement, Accounts and Audit	8
G. Organization and Management	9
H. Economic Justification	9
I. Risks	10
J. Environmental Impact	10
K. Innovative Features	10
<b>PART III – LEGAL INSTRUMENTS AND AUTHORITY</b>	<b>11</b>
<b>PART IV – RECOMMENDATION</b>	<b>11</b>
<b>ANNEX</b>	
<b>SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE     NEGOTIATED LOAN AGREEMENT</b>	<b>13</b>

**APPENDIXES**

<b>I. COUNTRY DATA</b>	<b>1</b>
<b>II. PREVIOUS IFAD FINANCING IN ALGERIA</b>	<b>2</b>
<b>III. IFAD PORTFOLIO, STRATEGIC FRAMEWORK AND LESSONS</b>	<b>3</b>
<b>IV. CADRE LOGIQUE (LOGICAL FRAMEWORK)</b>	<b>4</b>
<b>V. COÛTS ET FINANCEMENT (COSTS AND FINANCING)</b>	<b>7</b>
<b>VI. ORGANIGRAMME DU PROJET (PROJECT ORGANIZATIONAL CHART)</b>	<b>9</b>
<b>VII. ANALYSE ÉCONOMIQUE ET FINANCIÈRE (ECONOMIC AND FINANCIAL ANALYSIS)</b>	<b>10</b>

### CURRENCY EQUIVALENTS

Currency Unit	=	Algerian dinar (DZD)
USD 1.00	=	DZD 80
DZD 1.00	=	USD 0.0125

### 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

AWP/B	Annual Workplan and Budget
CMP	<i>Caisse mutuelle de proximité</i> (Local Savings and Loan Association)
LRDP	Local Rural Development Project
M&E	Monitoring and Evaluation
PDD	<i>Plan de développement de douar</i> ( <i>Douar</i> Development Plan)
PNDAR	National Agricultural and Rural Development Plan ( <i>Plan national de développement agricole et rural</i> )
PMU	Project Coordination and Management Unit

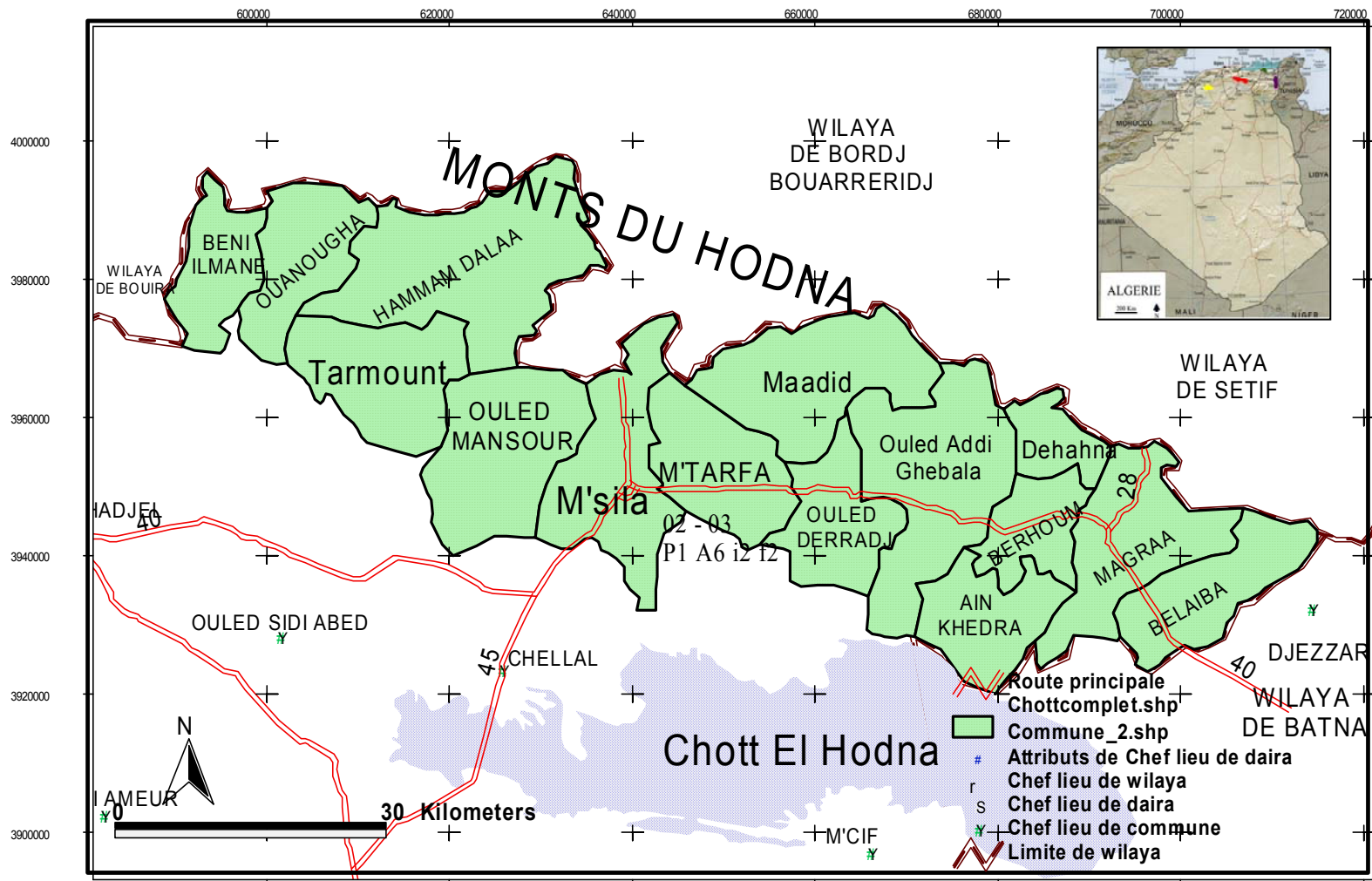
### GLOSSARY

<i>ced</i>	flood-water diversion dyke
<i>daïra</i>	administrative division below the province level (equivalent to <i>district</i> )
<i>douar</i>	lowest-level administrative division (equivalent to <i>village</i> )
<i>wali</i>	provincial governor
<i>wilaya</i>	province

## GOVERNMENT OF THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA Fiscal Year

1 January-31 December

MAP OF THE PROJECT AREA



iv

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.

**PEOPLE’S DEMOCRATIC REPUBLIC OF ALGERIA**  
**RURAL DEVELOPMENT PROJECT FOR THE MOUNTAIN ZONES**  
**IN THE NORTH OF THE WILAYA OF M’SILA**

**LOAN SUMMARY**

<b>INITIATING INSTITUTION:</b>	IFAD
<b>BORROWER:</b>	People’s Democratic Republic of Algeria
<b>EXECUTING AGENCY:</b>	Ministry of Agriculture and Rural Development
<b>TOTAL PROJECT COST:</b>	USD 29.8 million <sup>1</sup>
<b>AMOUNT OF IFAD LOAN:</b>	SDR 12.15 million (equivalent to approximately USD 17.6 million)
<b>TERMS OF IFAD LOAN:</b>	20 years, including a grace period of five years, with an interest rate of one half of the reference interest rate per annum as determined by the Fund annually
<b>CONTRIBUTION OF BORROWER:</b>	USD 9.9 million
<b>CONTRIBUTION OF BENEFICIARIES:</b>	USD 2.4 million
<b>APPRAISING INSTITUTION:</b>	IFAD
<b>COOPERATING INSTITUTION:</b>	United Nations Office for Project Services

<sup>1</sup> Discrepancies in totals are due to rounding.

## PROJECT BRIEF

**Who are the beneficiaries?** The project will benefit, both directly and indirectly, the 264 535 rural inhabitants of the project area. The direct beneficiaries will consist of 22 958 poor households living on small farms, which are the source of all or part of their income. The project will also target: (i) impoverished women heads of household to improve their living and working conditions; (ii) young girls with elementary education who are willing to engage in off-farm income-generating activities; and (iii) young unemployed men interested in starting microenterprises or acquiring training in agricultural and non-agricultural activities. Project activities such as the rehabilitation of rural roads, the dissemination of marketing information, the creation of rural financial services and support to local development committees will benefit, directly or indirectly, the majority of people in the project area. About 126 000 persons will benefit from agricultural development activities, including improvements in pastoral and silvopastoral resources, animal husbandry and soil and water conservation programmes. All smallholders, rural women, landless people and grass-roots associations will benefit from support to microenterprise development.

**Why are they poor?** Poverty in the project area derives from inadequate socio-economic services, poor infrastructure, and limited income opportunities due to the mismanagement of land and water resources. Poor households tend to be large, with many children and a high dependency ratio. Unemployment rates are high with an average of about 29%. About 80% of farms have holdings of less than 20 hectares, with an agricultural production system based on rainfed cereal production and livestock. The principal constraints beneficiaries face are derived from non-performing support services, the lack of rural financial infrastructure and the low levels of remittances by community members living abroad. Other major constraints include the deterioration of rural road infrastructure and local investment, leading to limited accessibility and transfer of appropriate technological packages.

**What will the project do for them?** The project will be implemented over seven years and will focus on: (i) strengthening participatory programming and capacity-building of grass-roots organizations and provincial local public administrations through the promotion of local groups and associations and the training of their staff and board members in participatory development; (ii) creating socio-economic and productive assets. This will involve rehabilitation of small-scale spate irrigation systems; the concession of state land (excluding collectively owned land) for fruit tree promotion; soil and water conservation; improvement of productivity and management of silvopastoral ecosystems; livestock production and husbandry; rehabilitation of existing rural roads and creation of water points; and (iii) supporting initiatives of rural populations that contribute to increasing and diversifying sources of income by providing sustainable access to local financial services, especially by women and unemployed youth.

**How will beneficiaries participate in the project?** The project approach will be focused primarily on the participatory preparation of local development plans and on decision-making by local groups and organizations at the village level. The participation of rural communities will be enhanced in all phases of project development, from the analysis of the current situation to the choice and prioritization of development activities as well as the definition of management options. Three fundamental principles underlie this approach: consultation, participation in the allocation of project resources, and the enhancement of the beneficiary's role in implementation. This process was already initiated during project design through a participatory rural appraisal undertaken at formulation to define the needs and priorities of the targeted population.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD  
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE  
PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA  
FOR THE  
RURAL DEVELOPMENT PROJECT FOR THE MOUNTAIN ZONES  
IN THE NORTH OF THE WILAYA OF M'SILA**

I submit the following Report and Recommendation on a proposed loan to the People's Democratic Republic of Algeria for SDR 12.15 million (equivalent to approximately USD 17.6 million) on intermediate terms to help finance the Rural Development Project for the Mountain Zones in the North of the Wilaya of M'Sila. The loan will have a term of 20 years, including a grace period of five years, with an interest rate of one half of the reference interest rate per annum as determined by the Fund annually. It will be administered by the United Nations Office for Project Services as IFAD's cooperating institution.

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

**A. The Economy and Agricultural Sector**

1. **Economic performance.** During the oil boom years in Algeria, social and economic indicators improved markedly, owing to significant investments in education, health services and basic infrastructure, and a generous subsidy system. Following the sharp drop in the price of oil in 1986, subsidies were reduced and the country began a ten-year period of economic decline, with large reductions in per capita gross domestic product (GDP), household incomes and consumption. The average annual real rate of growth of gross national product (GNP) per capita fell annually by 1.0% over the 1990-98 period, while total GDP stagnated in real terms. During that period, the share of agriculture in GDP grew at 3% annually, while industrial growth fell sharply. The Government implemented a structural adjustment programme with the International Monetary Fund during 1994-98. The annual growth rate of GDP in 2001 was 2.6%. The structure of the economy is dominated by industry, which in 2001 accounted for 55% of total GDP while services contributed 35% and agriculture 10%, although the latter provided around 25% of total employment.

2. **The agricultural sector.** Since the land reforms in 1987, Algeria's agricultural sector has been moving towards a system based on small and medium-scale farmers, in which the private sector takes the lead not only in production but also in upstream and downstream activities. Almost all arable land is located in the northern part of the country, the Tell region. In the steppe areas, the principal activity is pastoralism. In the Saharan south, agricultural activities expanded with the increasing use of underground water reserves. Many factors threaten the natural resource base: soil erosion, deforestation, overgrazing of rangelands, dam siltation, soil salinization and sand encroachment.

3. **Agricultural production.** The country is dependent on imports of cereals, dairy products, sugar and edible oil. The area under cereal cultivation has increased over the last 20 years at the expense of perennial crops and pastoral lands. The area under vegetable crops is stagnating and the level of productivity is decreasing. Areas planted with fruit trees have contracted over the last two decades. Except for date-palm trees, production of all perennial crops has decreased. Livestock production accounts for about 50% of agricultural production and contributes significantly to the food security of the country in meat but not in dairy production.

4. **Constraints and opportunities.** The major constraints on the development of the sector are as follows: (i) the vulnerability to and the fluctuation of climatic conditions combined with under-

---

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

utilization and inadequate mobilization of water resources for irrigation; (ii) the limited surface areas of arable land and declining soil fertility; (iii) the continuing use of traditional cropping patterns and production techniques combined with limited generation of adapted technological packages and weak support services; (iv) inaccessibility to rural financial services by the rural population; and (v) the unavailability of human resources trained in the participatory approach to rural development. Recently, opportunities have been created by the Government's Economic Development Programme 2000-04. In the agricultural sector, the programme aims to stabilize and enhance agricultural production. The first objective would be reached through the settlement of land tenure issues including legislation for the use and management of rangelands, the privatization of state-owned agricultural land and the expansion of arable land through land reforms and investments. The second objective would be attained through the rational use of water resources, the provision of incentives for private investment and the improvement of support services in the sector.

## **B. IFAD's Strategy for Collaboration with Algeria**

5. **Algeria's policy for poverty eradication.** Despite efforts to eradicate poverty through social safety nets, actual transfers remain modest and substantial numbers of people do not benefit from them. This is especially true among the rural population, including the unemployed (who are not heads of household) and smallholders. The Government has launched an economic recovery plan (2001-04) aimed at bringing about qualitative, sustained improvement in living conditions by focusing on employment and upgrading community infrastructure, especially in the most disadvantaged rural areas. The Government's Economic Development Programme is supported by a national poverty reduction strategy under the auspices of the Ministry of Social Action and National Solidarity. As such, the Government has been promoting the development of small and medium-scale agriculture, encouraging the private sector not only to enhance production but also to take charge of upstream and downstream activities. Since 2000, the Government has been actively supporting investment in the agricultural and rural sectors through the National Agricultural Development Plan (PNDA), which targets not only farms but also rural areas that have historically been left outside the mainstream. In July 2002, the programme was broadened to sharpen its focus on rural development and was renamed the National Agricultural and Rural Development Plan (PNDAR), stressing the need to consolidate and strengthen both the agricultural and rural dimensions of the plan.

6. To carry out the PNDAR, the Ministry of Agriculture and Rural Development intensified its dialogue with the rural population and adapted the financing instruments to the specificities of the agricultural and rural milieus. These instruments include: (i) the National Fund for the Regulation and Development of Agriculture, which supports the financing of agricultural investments; (ii) the newly created Fund to Combat Desertification and Develop Pastoralism and the Steppe Region, which will support livestock-raisers who commit individually or collectively to investing in steppe zones; and (iii) the Concession-Based Rural and Land Development Fund, which supports: (a) the development of private state lands by individuals under a long-term, transferable concession; and (b) the implementation of local rural development projects (LRDPs) which seek to foster rural development of proximity to the rural poor as the main strategy.

7. **IFAD's strategy in Algeria.**<sup>2</sup> Within this framework, IFAD's ongoing strategy in Algeria aims to increase the productivity and incomes arising from sustainable activities undertaken by both women and men from the target group. The Fund is concentrating its efforts on three agro-ecological zones where the incidence of poverty is higher than the national average and where alternatives to agriculture are limited (i.e. the mountain regions in the north, the steppes and the Saharan areas in the south) and on the artisanal fisheries subsector. The focus is on: (i) addressing the basic needs and aspirations of the target group to create a favourable environment for growth and stronger linkages with their specific situation through an area-based development approach; (ii) promoting devolved/decentralized planning and implementation through support for the creation and

---

<sup>2</sup> See Appendix III for additional information.

strengthening of local institutions and grass-roots organizations; (iii) increasing the target group's access to productive resources, including land, water, technological know-how and financial services; and (iv) furthering natural resource management linked to diversification of production by supporting commodities with a comparative advantage on the market.

## PART II – THE PROJECT

### A. Project Area and Target Group

8. **Location.** The project area covers 306 500 hectares of mountains in the north of M'Sila Province. Situated on the southern slopes of the Hodna Mountains and extending southwards to Chott El-Hodna, the area includes 15 *communes*. The *douar* or *mechta* is the basic unit of social organization, composed usually of several isolated or agglomerated dwellings at the seat of the *commune* or in secondary agglomerations; they include on average 80 households. The project area includes some 435 *douars*.

9. **Target group.** The project will benefit, both directly and indirectly, the 264 535 rural inhabitants of the project area. The direct beneficiaries will consist of 22 958 poor households living on small farms that represent the source of all or part of their income. The project will also target: (i) impoverished women heads of household to help improve their living and working conditions; (ii) young girls with professional skills who are willing to engage in off-farm income-generating activities; and (iii) young unemployed men interested in starting microenterprises or acquiring training in agricultural and non-agricultural activities. Unemployment rates among this group are high with an average of 36.5% as compared to the national average of 29%.

10. **Constraints and opportunities.** The findings of the participatory rural appraisal carried out during formulation, and validated at appraisal, confirmed that poverty in the project area derives from inadequate socio-economic services and limited income opportunities because of the degraded natural resource base. Poor households tend to have large families with many children and a high dependency ratio. Unemployment ranges from 36 to 44% depending on the location. Farming systems are based on cereal and small livestock production accompanied by inefficient use of water resources. The targeted populations live in difficult conditions and face a series of constraints that hinder their development. These include a weak rural road infrastructure, which limits accessibility and leads to poor marketing, storage and processing possibilities; poor social services; limited transfer of appropriate technological packages; and poor agricultural extension and advisory support. Access to the various government support funds remains very limited in the project area owing to a lack of information and support, and access to formal credit is virtually impossible for most families. Despite these constraints potential opportunities exist for improving the income levels and living conditions of the population. The project area is endowed with natural resources which, if well managed, provide good opportunities to increase and diversify income. Furthermore, the people have shown a high level of solidarity and determination when confronted with adversity and have a strong attachment to their native land. In addition, they demonstrated strong motivation to engage in a more intensive and diversified production system.

### B. Project Rationale and Strategy

11. **Project rationale.** The project is in line with IFAD's and the Government's policy for the reduction of rural poverty with special focus on small farmers, unemployed young people and rural women, underpinned by improved natural resource management. The project also responds to the strategy of the Ministry of Agriculture and Rural Development to foster rural development through local development actions, which are the main thrust of the strategy. It has been designed with the objective of focusing on the development of mountain areas with a high incidence of poverty. It will contribute to testing and validating various conceptual approaches for subsequent scaling up and replication in the country's other mountain areas. The project will also seek to promote higher levels

of beneficiary participation through decentralization and the creation and strengthening of local institutions with a special focus on gender issues. In addition, it will create socio-economic productive assets and facilitate beneficiary access to them by linking up with ongoing national programmes for agricultural and rural development. Given the social and institutional constraints involved, substantial efforts will be required in such areas as training, transfer of appropriate technologies and institution-building. As such, the project will serve as a platform for continuing the policy dialogue with the Government on various issues of relevance to the rural poor, including decentralization of decision-making, the creation of pro-poor local institutions, and the access of the rural poor to assets such as land, water and financial services.

12. **Project approach.** The approach will focus primarily on the participatory formulation of local development plans, with a strong emphasis on decision-making by local groups and grass-roots organizations in the targeted villages. The participation of rural communities will be enhanced in all phases of the project, from the analysis of the current situation, to the choice of actions and the priority assigned to their implementation, to the definition of management options. Furthermore, the project will improve the target group's access to benefits arising from the ongoing national agricultural development and credit programmes.

13. **Project strategy.** The project entry point will be the village (*douar*) where the beneficiaries (men, women and unemployed youth) will be involved in all stages from planning up through implementation, which should guarantee a high level of ownership of project investments. The project will apply a participatory approach to assist beneficiaries in preparing their *Douar* Development Plans (PDDs) for a period of seven years. The PDDs will include various actions for mobilization and rational use of water, improvement of cropping and livestock-production techniques, improved management and rational use of silvopastoral resources, development of social infrastructure (e.g. drinking water supply and rural tracks), access to local financial services and the promotion of microenterprises, as well as other development activities (e.g. housing, electrification, education). Once the PDD has been validated at the grass-roots level and consolidated at the *commune* level, it will be submitted for approval to the Provincial Technical Committee using the procedure in place for PNDAR projects. Each PDD will be implemented through annual contract programmes with the concerned community. These in turn, will constitute the LRDPs. For each LRDP, financing will be mobilized through project funds and the various national support funds and sectoral development programmes according to current procedures.

### C. Objectives and Scope

14. **Objectives.** The overall objective of the project is to contribute to the reduction of rural poverty through the diversification and sustainable increase in income for the most vulnerable rural populations through the rehabilitation and sustainable management of natural resources. Specifically, the project will: (i) build local capacity for planning rural development at the grass-roots level and designing and implementing local projects by targeting the most underprivileged populations; (ii) ensure the sustainability of agricultural development and productivity through the priority mobilization of surface water and efforts to control land degradation; and (iii) support initiatives of rural populations that contribute to increasing, diversifying and guaranteeing stable incomes through the provision of sustainable access to financial services for target group members currently with limited or no access, especially women and young people.

### D. Components

15. The project will be implemented over a period of seven years and will include the following five components: (i) local capacity-building; (ii) soil and water conservation and agricultural development; (iii) small and medium-scale irrigation and socio-economic infrastructure; (iv) decentralized financial systems and promotion of microenterprises; and (v) project coordination and management unit (PMU).

16. **Local capacity-building.** This component involves, at the *douar* level, the development of community initiatives in the design, implementation and monitoring/evaluation of PDDs and LRDPs, ensuring gender sensitivity. This will be achieved through awareness-building campaigns, training, functional literacy and dissemination of information, with support from teams of male and female community development agents (CDAs) and technicians previously trained in the participatory approach and in local planning techniques.

17. At the *douar* level, the preparation of the PDDs will be facilitated by nine male CDAs and nine female CDAs, seconded to the project by a specialized national non-governmental organization or a private operator under a contract, and nine technicians provided by the technical services of the Ministry of Agriculture and Rural Development. Each targeted *douar*, will have a team composed of one male CDA, one female CDA and a technician, to be backstopped by subject-matter specialists from the PMU and the staff of provincial technical services and their subdivisions. The various teams will be outposted in the three project *dairas* (at the ministry's *daira*-level agricultural and forestry units), where they will constitute the awareness-building, programming and monitoring units. These units will be provided with transportation, and computer and office equipment. The project will also provide for training in the participatory preparation of village development plans.

18. **Soil and water conservation and agricultural development.** This component includes the following sub-components: (i) soil conservation and rehabilitation of the productivity of silvopastoral ecosystems through soil and water conservation activities; (ii) support for the intensification of crop production through the introduction of fruit trees and strengthening of technical services; and (iii) the improvement of rangeland and development of livestock production through improved animal nutrition and herd management.

- **Soil and water conservation.** Activities will include protection against water erosion through the mechanical treatment of gullies (34 000 m<sup>3</sup>). Treatment will also cover 8 100 ha of simple ravines that are still manageable and that threaten infrastructure or erode agricultural and grazing areas. The project will also promote the regeneration of 600 ha of highly degraded natural woodlands, accompanied by the introduction of income-generating production (e.g. juniper, melliferous plants and traditional medicinal plants).
- **Support for intensification of crop production.** The strategy is to increase farm incomes by converting production systems through the development of: (i) fruit tree and vegetable production in favourable areas; (ii) improved production techniques; (iii) strengthening of extension services; and (iv) training of farmers, staff and technicians of the provincial agricultural services. The project will support beneficiaries in the development of about 3 500 ha of fruit trees in the mountainous and upper-foothill zones. In the lower foothills, the project will promote the conversion of old fruit-tree orchards into modern tree-growing operations by planting 200 ha of apricot trees. Agreements will be signed by the project with the Technical Institute for Fruit Trees and the Technical Institute for Cereal Production to implement a programme of research and development (R&D) and technical support, which will be financed by the project and will address themes identified by farmers.
- **Rangeland improvement and development of livestock production.** Silvopastoral ecosystems will be rehabilitated by: (i) land resting on public forestland (3 550 ha) and on collectively owned land (23 000 ha) in the mountain upper and lower foothills, coupled with reseeding to enrich the plant cover on 9 000 ha; (ii) planting fodder shrubs on 5 000 ha of seriously degraded rangelands; and (iii) setting up fodder reserves on 625 ha spread out over private farmland parcels. Animal production systems will be improved by: (i) promoting the exchange of 1 000 breeding rams among organized breeders; (ii) financing R&D/demonstration activities to improve feeding practices for ruminants and small animals,

and training in partnership with the Livestock Technical Institute; and (iii) strengthening local veterinary services.

19. **Small and medium-scale irrigation and socio-economic infrastructure.** This component will focus on rehabilitating or building flood-water diversion dykes (*ceds*), drinking water supply systems, as well as rural roads to serve isolated *douars*. These investments are of collective interest and will be financed by the project only upon the demand of concerned communities and if users are organized in associations that will ensure the sustainability of the investments through adequate operation and maintenance. It will be composed of two sub-components:

- **Small and medium-scale irrigation infrastructure.** This will include the following activities: (i) rebuilding of 40 *ced* structures to mobilize and distribute flood waters; (ii) converting 100 ha from a gravity-irrigation system to drip irrigation in order to promote water-saving techniques; (iii) training in technical aspects and in the management of user associations; and (iv) the financing of a study on surface water resources. The project will provide institutional support to the M'Sila branch of the National Agency for Water Resources.
- **Socio-economic infrastructure.** Financing will be provided under the project for the following activities: (i) feasibility studies for drinking-water supply and rural road projects; (ii) rehabilitation of six springs, the drilling of 19 boreholes and the associated pumping equipment; (iii) establishment of 87 km of rural roads to serve about 30 currently isolated *douars*; and (iv) capacity-building of user associations through awareness-building campaigns and training programmes.

20. **Decentralized financial services and promotion of microenterprises.** These two activities are interdependent and intimately linked.

- **Decentralized financial services.** The project will seek to facilitate target group access to rural financial services, particularly to sources of financing under the ongoing national support programmes, and also to further the creation of microenterprises. In support of the Government's strategy to promote self-owned and managed rural financial institutions, it will assist in the creation of seven local associations, namely Local Savings and Loan Associations (CMPs), in collaboration with the National Farm Credit Bank (CNMA). It will also strengthen CNMA's capacity in rural microfinance activities and help the line agencies in the financial sector to update the legal framework and prudential norms accordingly. Furthermore, it will finance studies on the demand for rural microfinance and the various financial products to be provided by these local funds.
- **Promotion of microenterprises.** Activities promoting the creation of microenterprises will include the: (i) financing by the CMP within the project area of all or part of the financial input needed by the beneficiaries to have access to government support programmes; (ii) strengthening of ten private-sector advisory units to provide business counselling for microentrepreneurs; (iii) recruitment of a microenterprise specialist within the PMU; (iv) financing of nine man-months of technical assistance for training project staff and the first microentrepreneurs; and (v) financing of sectoral marketing studies for potential microenterprise development.

21. **Project coordination and management unit.** The project will finance the creation of a PMU, based in M'Sila, consisting of a project manager, seven subject-matter specialists, one information management specialist, one agro-economist responsible for monitoring and evaluation (M&E), an accountant, nine technical staff and four general support staff. It will also finance the procurement of vehicles; office equipment and furniture; training and study tours; the renovation of office buildings; M&E of project activities; and impact assessment studies.

### E. Costs and Financing

22. **Project costs.** Total project costs, including physical and price contingencies, are estimated at USD 29.8 million over the seven-year implementation period. The foreign exchange component will account for about 27% (or USD 8.1 million) of total costs, while duties and taxes will account for 15.8% (USD 4.7 million). Project costs by component are summarized in Table 1.

23. **Project financing.** The project will be financed by an IFAD loan of USD 17.6 million representing 59% of total costs. The Government's contribution including duties and taxes, operation and maintenance costs, as well as the amounts from the various Government Support Funds will be equivalent to USD 9.9 million or about 33% of total project costs. The beneficiaries' contribution is estimated at about USD 2.4 million (8% of total costs) mainly consisting of their share of on-farm investments in agricultural activities. The financing plan is presented in Table 2.

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

Component	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
<b>A. Local capacity-building</b>	1 377	512	1 889	27	7
<b>B. Soil and water conservation and agricultural development</b>					
1. Soil and water conservation	1 926	760	2 686	28	10
2. Support for intensification of crop production	2 268	924	3 192	29	12
3. Rangeland improvement and development of livestock production	2 671	921	3 592	26	14
<b>Subtotal</b>	<b>6 864</b>	<b>2 604</b>	<b>9 469</b>	<b>28</b>	<b>36</b>
<b>C. Small and medium-scale irrigation and socio-economic infrastructure</b>					
1. Small and medium-scale irrigation infrastructure	3 603	1 492	5 096	29	19
2. Socio-economic infrastructure	3 690	1 622	5 312	31	20
<b>Subtotal</b>	<b>7 293</b>	<b>3 114</b>	<b>10 408</b>	<b>30</b>	<b>40</b>
<b>D. Decentralized financial services and promotion of microenterprises</b>					
1. Decentralized financial services	1 800	106	1 906	6	7
2. Promotion of microenterprises	277	215	492	44	2
<b>Subtotal</b>	<b>2 077</b>	<b>321</b>	<b>2 398</b>	<b>13</b>	<b>9</b>
<b>E. Project coordination and management unit</b>	<b>1 491</b>	<b>538</b>	<b>2 028</b>	<b>27</b>	<b>8</b>
<b>Total base costs</b>	<b>19 102</b>	<b>7 090</b>	<b>26 192</b>	<b>27</b>	<b>100</b>
Physical contingencies	866	354	1 221	29	5
Price contingencies	1 743	674	2 417	28	9
<b>Total project costs</b>	<b>21 711</b>	<b>8 118</b>	<b>29 830</b>	<b>27</b>	<b>114</b>

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

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

Component	IFAD		Beneficiaries		Government		Total		For. Exch.	Local (Excl. Taxes)	Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%			
<b>A. Local-capacity building</b>	1 131	52.7	-	-	1 015	47.3	2 146	7.2	574	1 229	343
<b>B. Soil and water conservation and agricultural development</b>											
1. Soil and water conservation	1 593	50.8	690	22.0	854	27.2	3 137	10.5	888	1 729	520
2. Support for intensification of crop production	1 050	28.5	172	4.7	2 460	66.8	3 683	12.3	1 065	1 993	625
3. Rangeland improvement and development of livestock production	2 349	56.8	261	6.3	1 524	36.9	4 134	13.9	1 057	2 423	653
<b>Subtotal</b>	<b>4 992</b>	<b>45.6</b>	<b>1 123</b>	<b>10.3</b>	<b>4 838</b>	<b>44.2</b>	<b>10 954</b>	<b>36.7</b>	<b>3 010</b>	<b>6 145</b>	<b>1 798</b>
<b>C. Small and medium-scale irrigation and socio-economic infrastructure</b>											
1. Small and medium-scale irrigation infrastructure	4 750	81.0	64	1.1	1 048	17.9	5 862	19.7	1 718	3 096	1 048
2. Socio-economic infrastructure	4 808	78.7	143	2.3	1 162	19.0	6 112	20.5	1 868	3 148	1 097
<b>Subtotal</b>	<b>9 558</b>	<b>79.8</b>	<b>207</b>	<b>1.7</b>	<b>2 209</b>	<b>18.5</b>	<b>11 974</b>	<b>40.1</b>	<b>3 585</b>	<b>6 244</b>	<b>2 145</b>
<b>D. Decentralized financial services and promotion of microenterprises</b>											
1. Decentralized financial services	845	43.9	1 061	55.2	18	0.9	1 923	6.4	115	1 790	18
2. Promotion of microenterprises	485	89.8	-	-	55	10.2	540	1.8	236	249	55
<b>Subtotal</b>	<b>1 329</b>	<b>54.0</b>	<b>1 061</b>	<b>43.1</b>	<b>73</b>	<b>3.0</b>	<b>2 463</b>	<b>8.3</b>	<b>351</b>	<b>2 039</b>	<b>73</b>
<b>E. Project coordination and management unit</b>	<b>546</b>	<b>23.8</b>	<b>-</b>	<b>-</b>	<b>1 747</b>	<b>76.2</b>	<b>2 293</b>	<b>7.7</b>	<b>597</b>	<b>1 351</b>	<b>344</b>
<b>Total project costs</b>	<b>17 556</b>	<b>58.9</b>	<b>2 391</b>	<b>8.0</b>	<b>9 882</b>	<b>33.1</b>	<b>29 830</b>	<b>100.0</b>	<b>8 118</b>	<b>17 008</b>	<b>4 703</b>

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

## F. Procurement, Disbursement, Accounts and Audit

24. **Procurement.** For IFAD-financed expenditure, procurement of goods and works will be undertaken in accordance with IFAD guidelines. To the extent possible, vehicles, materials, equipment and contracts for rural infrastructure will be bulked into sizeable packages for bidding. Procurement of goods over the equivalent of USD 250 000 will follow international competitive bidding procedures. Contracts for goods and works over the equivalent of USD 75 000 but below or equal to USD 250 000 will follow local competitive bidding procedures. Contracts for goods and works valued at USD 75 000 or less will be procured, on the basis of three quotes. Consultant contracts will be made in accordance with national regulations and the cooperating institution's procurement guidelines, acceptable to IFAD. Consultant contracts over the equivalent of USD 50 000 will follow international or local competitive bidding procedures. For consultant contracts equal to or below USD 50 000, shopping procedures on the basis of three quotes approved by the cooperating institution will apply.

25. **Disbursement.** The project will be implemented over a period of seven years. Withdrawal from the loan account may be made against statements of expenditure (SOEs) for categories of expenditure that will be jointly determined by the Government, IFAD and the cooperating institution at loan negotiations. The project will retain the relevant documentation justifying such expenditure and make it available for inspection by supervision missions and external auditors. All other withdrawals from the loan account will be made on the basis of full supporting documentation.

26. The Government will open a special account denominated in United States dollars with the Bank of Algeria in the name of the project. Upon loan effectiveness, IFAD upon demand by the borrower, will make an initial deposit of USD 1.0 million. The special account will be replenished in accordance with established IFAD procedures. The borrower will allocate at the beginning of each fiscal year the amounts equal to the counterpart funds as per the annual workplan and budget (AWP/B) for the year under consideration in accordance with its national procedures.

27. **Accounts and audit.** The PMU will maintain financial records relating to project activities both for the project and for the various contractual partners. It will ensure that records are maintained in accordance with government practices and with procedures acceptable to IFAD. The General Inspectorate of Finance or any other auditor approved by the Ministry of Finance and IFAD will audit financial records annually. Certified audit reports, which will include a statement on the adequacy of the executing agency's accounting systems and internal controls and contain a separate opinion in respect of the SOEs and the special account, will be transmitted to IFAD no later than six months after the end of the fiscal year.



### G. Organization and Management<sup>3</sup>

28. The overall responsibility for project implementation lies with the Ministry of Agriculture and Rural Development, which will in turn entrust project management and coordination to its General Directorate of Forestry (DGF). A national monitoring committee, headed by the Minister for Agriculture and Rural Development (or his representative) and composed of the directors of the different departments and institutions involved, will approve AWP/Bs and policy issues. At the regional level, the Provincial Technical Committee, chaired by the provincial governor (*wali*) and made up of the project manager and other stakeholders involved in project implementation, will be responsible for ensuring consensus on and coordination of activities among the various financing and implementation partners in the project area.

29. Project implementation at the field level will be under the responsibility of a PMU, which will report directly to the DGF. The PMU will coordinate project activities and will, more specifically, be responsible for project management, administrative and financial management (including accounting) and M&E. Subsidiary agreements between the PMU and the regional administrations will define the precise responsibility of various local administrations involved in the implementation of project activities.

### H. Economic Justification

30. **Beneficiaries.** Project activities such as the rehabilitation of rural roads, the dissemination of marketing information, the creation of rural financial services and support to local development committees will benefit, directly or indirectly, the majority of people in the project area. The project will benefit an expected 5 300 farms or about 10 600 households comprising a population of roughly 76 320 inhabitants who will benefit from the rehabilitation of spate irrigation systems (on 16 340 ha) and planting of fruit trees (on 3 500 hectares). Actions for rangeland improvement and development of livestock production will directly benefit over 7 000 households, or approximately 50 000 beneficiaries. For the other target groups – made up of unemployed individuals, mainly women and girls – the project will promote various income-generating activities and microenterprises. Specifically, the local savings and loans associations are expected to provide loans to 5 358 beneficiaries. Of these 4 782 (89%) will be for activities related to handicrafts and small-animal production, activities performed usually by women and girls. Part of the target group will also benefit from the actions to improve the quality of life thanks to activities to provide drinking water and bring the population out of isolation through the rural road network envisaged by the project.

31. **Benefits.** Activities strengthening the capacities of local institutions and farmers, promoting financial and marketing services and supporting the production of cash crops will give new momentum to other agricultural and economic activities. The economic benefits and impact will result from: (i) a broader and more diversified agricultural production base (an increase of 5 600 tonnes of fruit, 4.7 million units of forage and 6 500 tonnes of vegetables), and a concomitant increase in incomes as a result of the adoption of improved technologies, irrigation development, the extension of the cropped area, reduced fallow and a shift to higher-value crops (mainly from cereals to fruit crops); (ii) lower commercial transaction costs thanks to better access to financial services, marketing information and markets through the rehabilitation of rural roads; (iii) stronger investment capacity through greater value-added kept at the local level; (iv) better access to training and adapted technologies for the poorer groups in general and women in particular; (v) enhancement of producers' negotiation skills; (vi) improved living conditions of women and furthering of their participation in local development and group management; and (vii) alleviation of natural resource degradation.

---

<sup>3</sup> The organizational chart of the project is presented in Appendix VI.

32. **Financial and economic return.** Farms and activity models have been prepared to assess the financial viability of the various agricultural and microenterprise investments. All models show that the proposed investments are likely to increase incomes per farm by 50% to as much as 180%. An economic analysis has been carried out over a 30-year period. It took exclusively into account the benefits accruing from agricultural development (excluding microenterprise development, reduction of transaction costs and other non-quantifiable benefits such as those resulting from improved rural roads, drinking water supply and other socio-economic infrastructure). If all project costs were taken into account, the project would yield an economic internal rate of return (EIRR) of about 14.4%. If benefits accruing from microenterprise development were included, the EIRR would stand at 23.3%. The sensitivity analysis showed a robust EIRR, which would remain at around 9.5% even if benefits were reduced by 20% and total costs increased by 20% simultaneously.<sup>4</sup>

### I. Risks

33. One of the major risks that the project is likely to face relates to the difficulty of effectively promoting a participatory approach that involves beneficiaries in decision-making processes. The reasons for this are multiple but insufficient understanding of this kind of approach among beneficiaries and administrative staff is the most salient. To minimize this risk, the project will promote community development activities, including information, communication and sensitization initiatives and will provide the appropriate training in participatory approaches to staff involved in project implementation.

### J. Environmental Impact

34. The project is classified in Category B. The expected impact will be positive overall, bearing in mind its strong orientation towards rational management of natural resources. Project approach and strategy will promote a process of community development that integrates natural resources as a means of ensuring sustainable economic development. The project will thus encourage the implementation of actions having a direct impact on water, plant and soil resources, but, equally important, it will instill an awareness among and accountability by users for their rational management. Lower soil erosion rates and restoration of the plant cover will have the effect of maintaining the physical and chemical fertility of the soil. The project will have a positive impact on water resources through: (i) improving flood-water-spreading systems (spate irrigation), which is a significant factor in replenishing the water table; (ii) promoting water-saving irrigation systems; (iii) establishing a system of continuous monitoring of water tables; and (iv) acquiring more knowledge about surface water behaviour.

### K. Innovative Features

35. The project has several innovative features. It will empower beneficiaries grouped at the level of homogeneous socio-territorial units (*douars*) to implement participatory local development plans. It will develop a local rural financial infrastructure for the mobilization of savings and delivery of credit; and it will contribute to the definition of an appropriate strategy for the development of the country's mountain areas in general and watershed basins in particular, which could be scaled up and replicated throughout Algeria.

---

<sup>4</sup> See Appendix VII for additional information.

**PART III – LEGAL INSTRUMENTS AND AUTHORITY**

36. A loan agreement between the People’s Democratic Republic of Algeria 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.
37. The People’s Democratic Republic of Algeria is empowered under its laws to borrow from IFAD.
38. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

**PART IV – RECOMMENDATION**

39. 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 People’s Democratic Republic of Algeria in various currencies in an amount equivalent to twelve million one hundred and fifty thousand Special Drawing Rights (SDR 12 150 000) to mature on or prior to 15 March 2024 and to bear an interest rate of one half of the reference interest rate per annum as determined by the Fund annually, 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 11 December 2003)

1. The Government of the People's Democratic Republic of Algeria (the Government) will make counterpart funds available to the Ministry of Agriculture and Rural Development (the Ministry), during the project implementation period, in accordance with its customary national procedures. The counterpart funds of the Government will cover all duties, levies and taxes on goods and services necessary for the project, personnel and operating costs, as well as its contribution to the project costs, including the contribution relative to the support funds. In this regard, each fiscal year the Government will make budgetary allocations equal to the amount of the counterpart funds as set forth in the respective AWP/B for the project year in question and, each year and in advance, it will make such budgetary allocations available to the Ministry in accordance with its customary national procedures.
2. The Government undertakes, during the entire project period, to finance the relevant parts of the support funds.
3. The Government undertakes to make available or recruit the nine technical officers from the provincial technical divisions and to recruit the 22 extension agents, the information officer, the cartographer and the accounting clerk within the three months following the date of loan effectiveness.
4. The Government undertakes, during the six months following effectiveness, to conclude the framework agreements between the social development agency and the Ministry and between the national agency to support employment for youth and the Ministry.
5. All things being equal, the Government will give preference to female candidates when filling project positions.
6. In order to ensure sound environmental practices, the Government will take the necessary pest management measures, or will ensure that such measures are taken, under the project. To this end, it will ensure that pesticides furnished under the project do not include any pesticide proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations and any amendments thereto, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the Recommended Classification of Pesticides by Hazard and Classification 1996-97 of the World Health Organization and any amendments thereto.
7. The M&E system to be implemented will seek to ensure, as from the baseline situation, the programming of the actions to be carried out, monitoring of implementation of these actions on the ground and evaluation of the impact of project accomplishments on beneficiaries and on the environment.
8. The proposed M&E system will be organized on three levels:
  - (a) at the grass-roots level: quantitative and qualitative evaluation meetings to examine service delivery by partners to beneficiaries will be held regularly among the programming animation and monitoring units and group and association members;
  - (b) at the project partner level: partners are to provide the respective materials to the responsible officers, and monthly notes on implementation monitoring and quarterly and annual progress reports to the M&E unit of the project;

- (c) at the PMU level: an M&E unit will be set up, under the responsibility of an agro-economist, and assisted by an information officer. The unit will: (i) set up a database; (ii) consolidate all the reports and data gathered from the various partners in order to prepare the quarterly progress reports outlining the main problems and difficulties encountered; (iii) prepare a schedule for project actions and monitor implementation; and (iv) prepare a draft AWP/B and submit it to the director of the PMU.

9. With support from an international consultant, the project will define the M&E system, including performance indicators for the project, indicators of physical and financial outcomes, impact indicators, the frequency of monitoring operations, the data collection method, and the methods and support for dissemination and utilization of data. The analysis of data and the production of the annual reports will be outsourced to a specialized consulting firm, selected on the basis of a call for proposals. Three support missions by the international consultant are scheduled during the first three years of the project.

10. The director of the PMU, the seven subject-matter specialists, the agro-economist who will oversee M&E, and the administrative and financial officer will be recruited under a national call for proposals published in the national press, in accordance with the Government's current procedures, excluding any form of discrimination. The recruitment of these officers and, as applicable, any decision to terminate their contract will be decided upon in agreement with IFAD. Staff thus recruited may be drawn from the national civil service, in which case they will be deemed to be on secondment; or they may be recruited under a contract renewable on the basis of annual performance evaluations. Their contract may be terminated on the basis of the findings of such evaluations. The recruitment and management of support staff will observe procedures in force in the country.

11. The following conditions are specified as conditions precedent for loan effectiveness:

- (a) the Government has made premises available for the PMU;
- (b) the PMU has been established by the Ministry in M'Sila, and the project manager, the seven subject-matter specialists, the agro-economist who will oversee M&E, and the administrative and financial officer have been appointed;
- (c) a framework agreement between the Ministry and the Caisse nationale de mutualité agricole to set up the seven CMPs in the project area, approved in advance by IFAD has been signed;
- (d) the loan agreement has been duly signed and the Government has forwarded to IFAD a presidential decree approving the loan agreement;
- (e) a legal opinion, issued by the Secretary General of the Government and acceptable both in form and substance, has been submitted by the Government to IFAD.

APPENDIX I

COUNTRY DATA

ALGERIA

<b>Land area (km<sup>2</sup> thousand) 2001 1/</b>	2 382	<b>GNI per capita (USD) 2001 1/</b>	1 650
<b>Total population (million) 2001 1/</b>	30.84	<b>GDP per capita growth (annual %) 2001 1/</b>	0.6
<b>Population density (people per km<sup>2</sup>) 2001 1/</b>	13	<b>Inflation, consumer prices (annual %) 2001 1/</b>	4
<b>Local currency</b>	Algerian Dinar (DZD)	<b>Exchange rate: USD 1 =</b>	DZD 80
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1995-2001 1/	1.6	GDP (USD million) 2001 1/	54 680
Crude birth rate (per thousand people) 2001 1/	23	Average annual rate of growth of GDP 1/ 1981-91	2.1
Crude death rate (per thousand people) 2001 1/	5	1991-01	2.3
Infant mortality rate (per thousand live births) 2001 1/	39	Sectoral distribution of GDP 2001 1/	
Life expectancy at birth (years) 2001 1/	71	% agriculture	10
Number of rural poor (million) (approximate) 1/	5.1	% industry	55
Poor as % of total rural population 1/	16.6	% manufacturing	8
Total labour force (million) 2001 1/	10.58	% services	35
Female labour force as % of total 2001 1/	28	Consumption 2000 1/	
<b>Education</b>		General government final consumption expenditure (as % of GDP)	15
School enrolment, primary (% gross) 2001 1/	112 a/	Household final consumption expenditure, etc. (as % of GDP)	44
Adult illiteracy rate (% age 15 and above) 2001 1/	32	Gross domestic savings (as % of GDP)	41
<b>Nutrition</b>		<b>Balance of Payments (USD million)</b>	
Daily calorie supply per capita, 1997 2/	2 853	Merchandise exports 2001 1/	20 050
Malnutrition prevalence, height for age (% of children under 5) 2001 3/	18 a/	Merchandise imports 2001 1/	9 700
Malnutrition prevalence, weight for age (% of children under 5) 2001 3/	6 a/	Balance of merchandise trade	10 350
<b>Health</b>		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2001 1/	4 a/	before official transfers 1999 1/	n/a
Physicians (per thousand people) 1999 1/	1 a/	after official transfers 1999 1/	n/a
Population using improved water sources (%) 2000 3/	89	Foreign direct investment, net 1999 1/	n/a
Population with access to essential drugs (%) 1999 3/	95-100	<b>Government Finance</b>	
Population using adequate sanitation facilities (%) 2000 3/	92	Overall budget deficit (including grants) (as % of GDP) 2001 1/	4
<b>Agriculture and Food</b>		Total expenditure (% of GDP) 2001 1/	31
Food imports (% of merchandise imports) 2001 1/	28 a/	Total external debt (USD million) 2001 1/	22 503
Fertilizer consumption (hundreds of grams per ha of arable land) 2000 1/	120	Present value of debt (as % of GNI) 2001 1/	41
Food production index (1989-91=100) 2001 1/	139	Total debt service (% of exports of goods and services) 2001 1/	20
Cereal yield (kg per ha) 2001 1/	856	Lending interest rate (%) 2001 1/	10
<b>Land Use</b>		Deposit interest rate (%) 2001 1/	6
Arable land as % of land area 2000 1/	3		
Forest area as % of total land area 2000 1/	1		
Irrigated land as % of cropland 2000 1/	7		

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

1/ World Bank, *World Development Indicators* CD ROM 2003

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2003

**PREVIOUS IFAD FINANCING IN ALGERIA**

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan Acronym	Approved Loan Amount (SDR million)
Cereal and Livestock Smallholder Development Project in the Wilaya of Tiaret	IFAD	AFESD	O	03 Dec 86	24 Sep 87	31 Mar 97	L - I - 197 - AL	8.5
Pilot Project in Algeria and Tunisia for the Integrated Rural Development of the Mellegue Watershed	IFAD	AFESD	O	15 Sep 88	09 Sep 89	30 Jun 99	L - I - 226 - AL	10.9
Artisanal Fisheries Pilot Development Project	IFAD	UNOPS	O	12 Dec 90	01 Aug 92	30 Jun 01	L - I - 276 - AL	8.1
Pilot Project for the Development of Mountain Agriculture in the Watershed Basin of Oued Saf Saf	IFAD	UNOPS	I	06 Dec 01	18 Feb 03	30 Sep 10	L - I - 581 - DZ	9.7

Notes: AFESD = Arab Fund for Economic and Social Development  
 I = Intermediate  
 O = Ordinary  
 UNOPS = United Nations Office for Project Services



## IFAD PORTFOLIO, STRATEGIC FRAMEWORK AND LESSONS

### IFAD's Assistance

1. IFAD's assistance to Algeria has been geared towards supporting government strategy and related reforms initiated in 1996. The focus of the strategy has been to shift emphasis from a centrally planned agricultural sector to a market-oriented one driven by the private sector. On this basis and considering the limited capacity of existing agricultural support services to meet the needs of private farmers, IFAD's strategy has so far concentrated on pilot interventions potentially replicable country-wide, targeted towards lower income groups and priority subsectors involving basic food products and production systems.

2. IFAD has so far supported four projects in Algeria (see Appendix II) with a total cost of USD 95.0 million, of which IFAD loans financed a total of USD 49.0 million or 52%, while the Government financed the other 48%. Three loans have been closed with an average disbursement rate of about 50%. Of the remaining loan, about 49% was disbursed by the end of August 1999. Two loans (197 AL and 226 AL) were administered by the Arab Fund for Economic and Social Development (AFESD), which did not provide cofinancing. Two other projects (276-AL and 581 DZ), were supervised by the United Nations Office for Project Services (UNOPS). The first three loans were on ordinary terms, while the last one is on intermediate terms. The average implementation period of closed loans was 9.5 years.

### IFAD's Strategic Framework

3. The general framework within which IFAD's strategy for Algeria will be set, relates to assisting the Government in four main directions. They are:

- **Area-based community development.** The focus will be on area-based rural development rather than on commodity-specific agricultural development. Agricultural development and improved living conditions for farmers can only be achieved if they are addressed in the context of a community-driven rural development approach in addition to commodity-specific support. Productivity of farmers cannot be isolated from the availability of the required rural infrastructure (including rural roads, electrification, water, education, health, etc.), access to markets and locally available rural financial services. Addressing the basic needs and aspirations of farming communities creates a favourable environment for growth and a stronger linkage between the population and the rural milieu.
- **Food security and production diversification.** This will place a focus on food security at the national and household levels by supporting commodities with a comparative advantage on national and international markets, and by creating a favourable environment for a healthy private sector.
- **Decentralization.** Devolved/decentralized planning and implementation will be emphasized through support for the creation and strengthening of local institutions and grass-roots organizations and devolution of human and financial resources to the regions.
- **Access to resources.** Promote the access of the private sector, in particular poor rural households, to productive resources including land, water, technological know-how and financial services.

## CADRE LOGIQUE

DESCRIPTION DU PROJET	INDICATEURS OBJECTIVEMENT VÉRIFIABLES	SOURCES DE VÉRIFICATION	HYPOTHÈSES ET RISQUES
<p><b>Objectif global.</b></p> <p>1. Contribuer à l'allègement de la pauvreté rurale par la diversification et par la croissance de manière durable des revenus des populations rurales, les plus vulnérables liées à la réhabilitation et à la gestion durable des ressources naturelles</p>	<ul style="list-style-type: none"> <li>-Les communautés des douars à travers la djemaa, les associations et le CDD, constituent des interlocuteurs de l'Administration, des collectivités locales et du projet</li> <li>-Le revenu moyen des ménages a augmenté</li> <li>-La sécurité alimentaire des ménages s'est accrue</li> <li>-Les conditions de vie sont améliorées;</li> <li>-Les femmes sont mieux intégrées au développement</li> <li>-Les ressources naturelles sont mieux gérées</li> </ul>	<ul style="list-style-type: none"> <li>- Enquête spécifique notamment sur les organisations de base</li> <li>- Enquête budget-consommation</li> <li>- Revue à mi-parcours et rapport d'achèvement du projet</li> </ul>	
<p><b>Objectives spécifiques.</b></p> <p>2.1 Renforcer les capacités locales de planification à la base, de gestion du développement rural, de conception et mise en œuvre de projets de proximité;</p> <p>2.2 Garantir la durabilité du développement agricole et de la productivité par une mobilisation prioritaire des eaux superficielles et la lutte contre la dégradation des terres par des actions de lutte antiérosive, de restauration du couvert végétal et de gestion durable des ressources sylvo-pastorales;</p> <p>2.3 Appuyer les initiatives des populations rurales contribuant à l'augmentation, la diversification et la sécurisation des revenus, en facilitant, de manière durable, l'accès aux services financiers des populations rurales pauvres qui n'y accèdent pas ou peu aujourd'hui, en particulier les femmes et les jeunes.</p>	<ul style="list-style-type: none"> <li>-L'approche participative est appliquée par les intervenants</li> <li>-Les CDD fonctionnent dans 80% des douars ciblés</li> <li>-Les PDD sont élaborés et exécutés par les populations dans 70% des douars ciblés</li> <li>-Des groupes d'intérêt de petits agriculteurs, de femmes et de jeunes s'engagent avec le projet dans le cadre de PPDR dans 80% des douars ciblés</li> <li>-80% des associations d'usagers de ceds, d'eau potable et de pistes rurales fonctionnent</li> <li>- Le taux de mobilisation des eaux superficielles est satisfaisant</li> <li>- Le taux de couverture végétale des parcours s'améliore</li> <li>-Les revenus des agriculteurs en période de sécheresse se stabilisent</li> <li>-L'efficacité de l'eau d'irrigation croît et la productivité des terres s'améliore</li> <li>-Augmentation des activités des micro-entreprises artisanales, de transformation des produits agricoles et de service</li> <li>-L'accès des femmes au crédit est assuré;</li> <li>-plus de 50% des crédits sont accordés aux femmes</li> <li>-Les femmes participent au conseil d'administration de 2 CMP.</li> </ul>	<ul style="list-style-type: none"> <li>- Rapports d'activités de l'Unité de gestion du projet</li> <li>-Enquête sur l'évaluation du processus participatif</li> <li>-Rapport de suivi de la dynamique de la végétation</li> <li>-Rapports d'activité des prestataires contractuels</li> <li>-Enquêtes et rapports de suivi-évaluation</li> <li>-Rapport de supervision</li> <li>-Rapport d'examen à mi-parcours et de clôture</li> <li>-Evaluation par les bénéficiaires</li> </ul>	<ul style="list-style-type: none"> <li>-Les bénéficiaires du projet sont bien dirigés vers le groupe cible</li> <li>-Problèmes de coordination intersectorielle</li> <li>-Poursuite de la sécheresse et abandon de l'activité agricole par le groupe cible</li> <li>-Marché des produits artisanaux difficile à pénétrer</li> </ul>

DESCRIPTION DU PROJET	INDICATEURS OBJECTIVEMENT VÉRIFIABLES	SOURCES DE VÉRIFICATION	HYPOTHÈSES ET RISQUES
<p><b>Résultats attendus:</b></p> <p>3.1 Les capacités d'organisation et de gestion des infrastructures hydrauliques, socio-économiques et des aménagements par les communautés sont renforcées; les femmes sont mieux informées et mieux formées pour développer durablement leurs activités productives et améliorer les conditions de vie des ménages.</p> <p>3.2 L'encadrement du projet et des services techniques de Wilaya sont formés à l'approche participative ;</p> <p>3.3 Les infrastructures de mobilisation des eaux superficielles ainsi que les parcours sont réhabilités et gérés rationnellement par les communautés de douar dans le cadre d'un programme participatif de développement.</p> <p>3.4 Les systèmes de culture et d'élevage sont adaptés aux conditions naturelles, les activités de valorisation de l'eau d'irrigation et d'épandage sont développées</p> <p>3.5 1 Le revenu des ménages augmente grâce aux activités génératrices de revenus et au développement des micro-entreprises et de l'artisanat. 3.5 2 Les BECS, sociétés d'intermédiation conseil assurent leur équilibre financier par le seul revenu de leurs prestations</p> <p>3.6 Le système de financement de proximité fonctionne à travers les associations de bénéficiaires et les CMP et l'accès au crédit du groupe cible est facilité</p>	<p>- 70% des associations de gestion des ceds, d'usagers d'eau, d'entretien des pistes et de gestion des parcours et de développement de l'élevage sont fonctionnelles. -plus de 3000 agriculteurs et de femmes ont bénéficié d'une formation - 50% des femmes qui ont bénéficié d'une formation ont appris à lire les chiffres et à faire des calculs simples - 60% des groupements féminins sont formés et organisés - diminution de 50% des cas de maladies à transmission hydrique - le taux de mortalité infantile a baissé de 40%</p> <p>-70% du personnel technique de la DSA, de la DHW et de la CF a bénéficié d'une formation en démarche participative -80% des sessions de formation réalisées</p> <p>-90% des ceds réhabilités et des parcours aménagés sont gérés collectivement par les bénéficiaires -Superficie des parcours aménagés mettant en œuvre un schéma de gestion -Cartographie participative des ressources sylvo-pastorales réalisée -Suivi participatif des ressources est fonctionnel -Les stations d'hydrologie fonctionnent</p> <p>-60% des agriculteurs touchés par le projet, ont amélioré la productivité de la terre et des élevages -50% des exploitants ciblés par le projet, ont adopté des semences et plants adaptés</p> <p>-Nombre de micro-entreprises de valorisation des produits agricole, de prestation de services et d'artisanat -Nombre de BECS ayant des résultats financiers équilibrés -Augmentation des revenus des ménages</p> <p>-Nombre de population hommes et femmes sociétaires des CMP -Nombre de femmes et de groupements de femmes ayant bénéficié de crédit -Taux de remboursement est supérieur à 80%</p>	<p>-Rapports du commissaire aux comptes -Rapports d'activité des prestataires contractuels et supports de formation -Enquête sur l'évaluation du processus participatif - Enquêtes et rapports de suivi-évaluation - Rapports de la direction de la santé - Rapport de supervision - Rapport d'examen à mi-parcours et de clôture - Evaluation par les bénéficiaires - Rapports d'activités de l'Unité de gestion du projet - Enquête sur les revenus des ménages - Enquêtes et rapports de suiv-évaluation - Rapports de l'ANRH sur les mesures effectuées -Rapports des BECS -Rapports des CMP, de la CRMA et des autres banques partenaires -Rapports d'autoévaluation des CMP</p>	<p>-Faible mobilisation des femmes en raison du poids des règles traditionnelles</p> <p>-Manque de moyens (véhicules et matériel de mesure)</p>

ACTIVITÉS	INDICATEURS OBJECTIVEMENT VÉRIFIABLES	SOURCES DE VÉRIFICATION	HYPOTHÈSES ET RISQUES
<p>3.1.1 Etablir une unité de gestion du projet autonome</p> <p>3.2.1 Réaliser un programme de sensibilisation et d'animation au niveau douar</p> <p>3.2.2 Former l'encadrement du projet et le personnel des services techniques locaux ainsi que les animateurs (trices), à l'approche participative</p> <p>3.2.3 Elaborer avec les populations cibles, les plans de développement des douars</p> <p>3.2.4 Former les femmes dans l'alphabétisation fonctionnelle, les activités génératrices de revenus et les informer sur les conditions d'accès au marché</p> <p>3..3.1 Promouvoir la réalisation participative des infrastructures de mobilisation de l'eau superficielle et assurer l'exécution du programme d'aménagement des terres et de correction torrentielle</p> <p>3.3.2 Améliorer les conditions de vie des populations par la réalisation participative du programme d'AEP et de pistes rurales inscrit dans les PDD</p> <p>3.3.3 Elaborer les règles de gestion des infrastructures et des terres aménagées et organiser avec les bénéficiaires leur gestion</p> <p>3.4.1 Elaborer et réaliser en partenariat avec les Instituts techniques de recherche-développement, un programme de recherche développement et d'appui technique formulé par les bénéficiaires dans les PDD</p> <p>3.4.2 Former et équiper les ACV</p> <p>3.5.1 Mettre en place le système de financement de proximité, à travers un partenariat avec le système national de crédit mutuel et l'organisation communautaire</p> <p>3..5.2 Appuyer les bénéficiaires et notamment les jeunes et les femmes à la conception, la réalisation et au suivi des micro-entreprises et de l'artisanat</p> <p>3.5.3 Appuyer les femmes dans leur organisation pour l'accès au crédit, aux équipements, aux matières premières et aux marchés</p>	<ul style="list-style-type: none"> <li>-L'UGP pourvue en personnel qualifié</li> <li>-Système de suivi-évaluation performant installé et maîtrisé</li> <li>-60% des douars sont touchés</li> <li>-70% du personnel technique formé à l'approche participative</li> <li>-Environ 200 PDD élaborés et adoptés</li> <li>-Près de 200 CDD fonctionnels</li> <li>-Près de 2000 femmes formées</li> <li>-40 ceds réhabilités et amélioration des rendements des cultures irriguables par épandage</li> <li>-28000 ha de parcours aménagés et 34000 m<sup>3</sup> de seuils réalisés</li> <li>-3500 hectares de plantations fruitières réalisées</li> <li>-Nombre de populations bénéficiaires des bornes fontaines et des pistes rurales</li> <li>-80% des infrastructures et superficie des terres aménagées sont gérées par des associations de bénéficiaires selon des règles adaptées</li> <li>-Résultats des programmes RD diffusés</li> <li>-Amélioration de la productivité des terres et des élevages</li> <li>-Nombre d'agriculteurs suivis par vulgarisateur</li> <li>-7 CMP installées</li> <li>-Nombre de sociétaires hommes et femmes</li> <li>-plus de 4000 crédits accordés</li> <li>-Nombre d'épargnants et montant moyen</li> <li>-Nombre de femmes et de groupements appuyés par les BECS</li> <li>-Nombre de jeunes appuyés par les BECS</li> <li>-Nombre d'études réalisées et nature des activités identifiées</li> <li>-Nombre de filières et d'activités re-dynamisées dans la zone du projet</li> </ul>	<ul style="list-style-type: none"> <li>-Enquêtes et rapports de suivi-évaluation</li> <li>-Rapports d'activités de l'Unité de gestion du projet</li> <li>-Rapports d'audit</li> <li>-Rapports d'activité de l'assistance technique</li> <li>-Rapports des CAPS</li> <li>-Rapport de supervision</li> <li>-Rapport d'examen à mi-parcours et de clôture</li> <li>- Evaluation par les bénéficiaires</li> <li>-Rapports de la recherche-développement et de la vulgarisation et autoévaluation par les bénéficiaires</li> <li>-Rapports de suivi-évaluation</li> <li>-Rapports des partenaires</li> <li>-Enquêtes spécifiques</li> </ul>	<ul style="list-style-type: none"> <li>-Le choix de la tutelle est approprié</li> <li>-La localisation de l'UGP est appropriée</li> </ul>

COÛTS ET FINANCEMENT

TABLEAU 1 : CATÉGORIES DE DÉCAISSEMENT PAR SOURCE DE FINANCEMENT<sup>a</sup>  
(en milliers de USD)

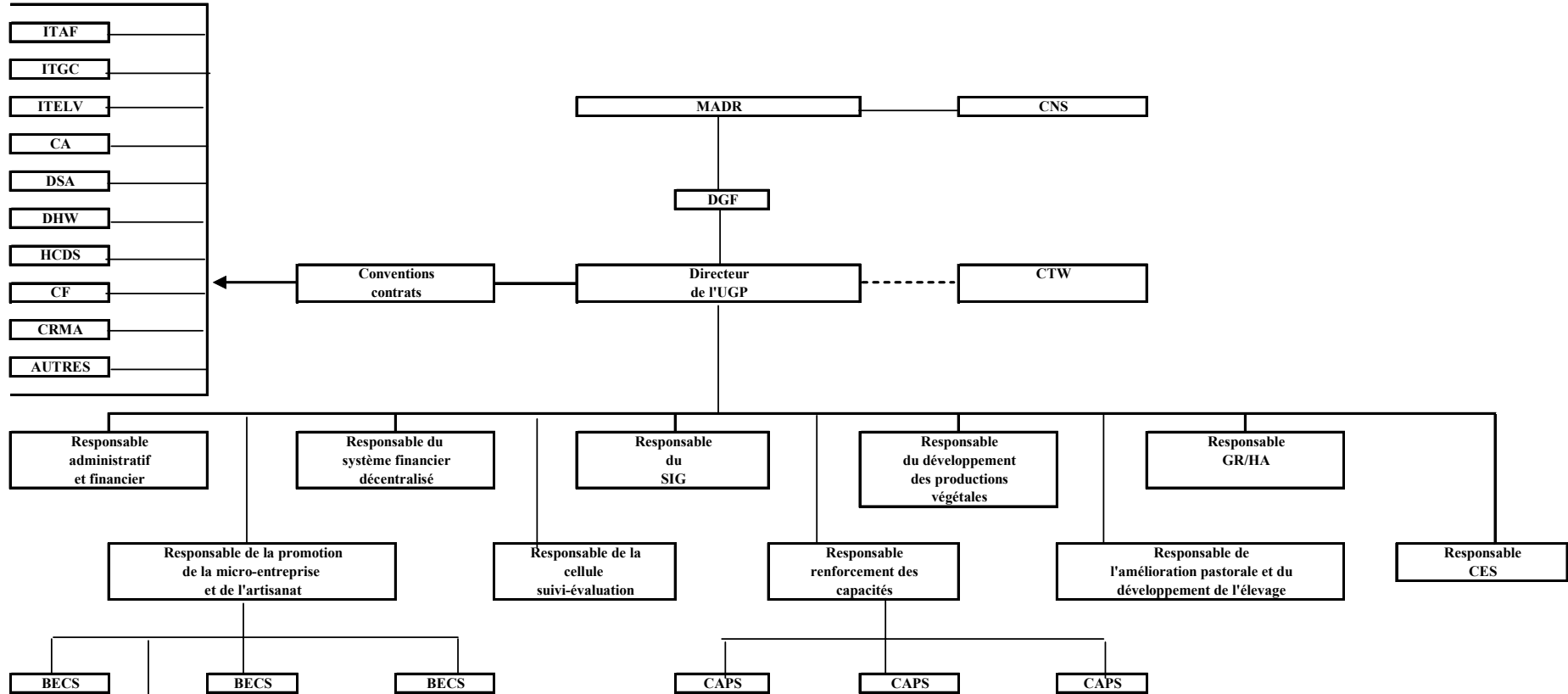
	FIDA		Bénéficiaires		Gouvernement		Total		Devise	Monnaie locale (hors taxes)	Droits et taxes
	Montant	%	Montant	%	Montant	%	Montant	%			
A. Génie civil	13 039	65.3	711	3.6	6 212	31.1	19 963	66.9	6 093	10 353	3 517
<b>B. Véhicules et équipement</b>											
1. Véhicules	330	65.1	-	-	177	34.9	506	1.7	274	78	154
2. Équipement	395	65.3	-	-	210	34.7	605	2.0	305	128	172
<b>Sous-total</b>	725	65.2	-	-	387	34.8	1 112	3.7	579	206	326
<b>C. Études et formation</b>											
1. Études	716	83.0	-	-	147	17.0	862	2.9	172	543	147
2. Formation	585	83.0	-	-	120	17.0	705	2.4	139	445	120
<b>Sous-total</b>	1 301	83.0	-	-	266	17.0	1 567	5.3	312	989	266
D. Assistance technique	675	97.2	-	-	20	2.8	695	2.3	526	150	20
E. Contrats	1 099	81.7	5	0.3	242	18.0	1 346	4.5	202	902	242
F. Capitalisation	717	40.3	1 061	59.7	-	-	1 778	6.0	-	1 778	-
<b>G. Fonctionnement</b>											
1. Frais de personnel	-	-	218	10.5	1 854	89.5	2 072	6.9	-	1 955	117
2. Fonctionnement des véhicules et bureaux	-	-	-	-	852	100.0	852	2.9	340	342	170
3. Entretien des investissements	-	-	396	89.2	48	10.8	444	1.5	67	333	44
<b>Sous-total</b>	-	-	614	18.2	2 754	81.8	3 368	11.3	407	2 630	332
<b>Total</b>	17 556	58.9	2 391	8.0	9 882	33.1	29 830	100.0	8 118	17 008	4 703

<sup>a</sup> Toute discordance dans les totaux est due à l'arrondissement des chiffres.

**TABLEAU 2 : CATÉGORIES DE DÉPENSES PAR COMPOSANTES – COÛTS TOTAUX**  
(en milliers de USD)

	Conservation des eaux et des sols et développement agricole				Petite et moyenne hydraulique et infrastructures socio-économiques		Systèmes financiers décentralisés/Micro-entreprise		Coordination et gestion du projet	Total
	Renforcement des capacités locales	Conservation des eaux et des sols	Appui au développement de la production végétale	Amélioration pastorale et développement de l'élevage	Petite et moyenne hydraulique	Infrastructures socio-économiques	Systèmes financiers décentralisés/Micro-entreprise			
							Systèmes financiers décentralisés	Promotion de la micro-entreprise et de l'artisanat		
<b>I. Coûts d'investissement</b>										
<b>A. Génie civil</b>										
1. Aménagements hydroagricoles	-	-	-	-	5 439	-	-	-	-	5 439
2. Aménagements agricoles/CES	-	2 782	3 099	-	-	-	-	-	-	5 882
3. Aménagements pastoraux	-	-	-	3 256	-	-	-	-	-	3 256
4. Pistes	-	-	-	-	-	2 038	-	-	-	2 038
5. Adduction en eau potable	-	-	-	-	-	3 460	-	-	-	3 460
<b>Sous-total</b>	-	2 782	3 099	3 256	5 439	5 497	-	-	-	20 075
B. Véhicules	166	-	23	-	-	-	-	-	290	478
<b>C. Équipement</b>										
1. Équipement/matériel agricole	-	-	116	-	14	-	-	-	-	130
2. Équipement/matériel pour l'élevage	-	-	-	16	-	-	-	-	-	16
3. Équipement informatique	6	-	-	-	-	-	15	26	86	133
4. Matériel de bureau	33	-	-	-	-	-	-	-	104	137
5. Équipements divers	77	-	-	-	-	-	-	-	-	77
<b>Sous-total</b>	116	-	116	16	14	-	15	26	191	494
D. Études	-	-	54	179	196	283	-	37	114	862
E. Formation	52	5	183	27	141	170	6	107	14	705
<b>F. Assistance technique</b>										
1. Assistance technique internationale	178	-	-	-	-	-	107	193	108	586
2. Assistance technique nationale	24	-	-	-	-	-	68	-	18	109
<b>Sous-total</b>	202	-	-	-	-	-	175	193	125	695
G. Contrats	849	140	-	200	-	-	-	128	29	1 346
H. Capitalisation	-	-	-	-	-	-	1 728	50	-	1 778
<b>Total : Coûts d'investissement</b>	1 385	2 927	3 475	3 679	5 791	5 949	1 923	540	763	26 433
<b>II. Coûts de fonctionnement</b>										
<b>A. Frais de personnel</b>										
1. Salaires	415	-	179	448	-	-	-	-	939	1 982
2. Indemnités de déplacement	5	-	-	6	-	-	-	-	79	90
<b>Sous-total</b>	420	-	179	455	-	-	-	-	1 019	2 072
<b>B. Fonctionnement</b>										
1. Fonctionnement des véhicules	246	-	28	-	-	-	-	-	428	702
2. Frais de fonctionnement des bureaux	95	-	-	-	-	-	-	-	79	174
3. Frais de fonctionnement divers	-	-	-	-	-	-	-	-	4	4
<b>Sous-total</b>	341	-	28	-	-	-	-	-	511	881
C. Entretien des investissements	-	210	-	-	71	163	-	-	-	444
<b>Coût total de fonctionnement</b>	761	210	208	455	71	163	-	-	1 530	3 397
<b>COÛT TOTAL DU PROJET</b>	2 146	3 137	3 683	4 134	5 862	6 112	1 923	540	2 293	29 830
Taxes	343	520	625	653	1 048	1 097	18	55	344	4 703
Devises	574	888	1 065	1 057	1 718	1 868	115	236	597	8 118

## ORGANIGRAMME DU PROJET



## ANALYSE ÉCONOMIQUE ET FINANCIÈRE

## Analyse financière

1. Onze budgets de culture ont été élaborés pour mettre en évidence les différentes conditions de production dans la zone du projet. Ils concernent les céréales (blé et orge), l'arboriculture (olives et abricots) et le maraîchage (oignons et carottes).

2. Cinq modèles de ferme ont été élaborés pour représenter les différentes conditions agro-écologiques dans la zone du projet; ils ont été développés sur la base des résultats de l'ERP effectuée durant la mission de formulation. Ces modèles représentent les 5 300 exploitations ciblées par le projet, sur un total de 9 260 exploitations existantes (soit 57% du total). Les modèles 1 et 2 (très petites exploitations, de moins de 5 ha) représentent environ 1 252 exploitations (24% du total); les modèles 3 et 4 (petites exploitations, de 5 à 10 ha) compteraient 1 577 exploitations (30% du total); tandis que la majeure partie des exploitations (46%) sont représentées par le modèle 5 (exploitations de montagne de 10 à 20 ha) qui compte 2 465 exploitations.

3. La variation des revenus nets des exploitations familiales de la situation sans projet à celle avec projet s'avère très positive. La marge des bénéficiaires pour chaque modèle de ferme est résumée dans le tableau ci-après qui présente les revenus par modèle pour l'année 7 et l'année 30. En septième année, la marge dans la situation avec projet varie d'environ 24 000 DA pour le modèle 1, à 230 000 DA pour le modèle 3. Ceci devrait inciter les agriculteurs à adopter les améliorations techniques envisagées.

**TABLEAU 1: RÉSULTATS FINANCIERS DES MODÈLES DE FERME**  
(en milliers de DZD)

Modèle	Superficie (ha)		Nbre exploitations	Marge sans projet à 7 ans	Marge avec projet		Accroissement à 7 ans (%)
	Totale	Irriguée			à 7 ans	à 30 ans	
1. <5 ha, Bas piémont	2	0,3	626	16	24	73	50
2. <5 ha, Montagne	2,9	0,1	626	10	28	53	180
3. 5-10 ha, Bas piémont	5,1	0,7	788	138	230	287	66
4. 5-10 ha, Haut piémont	5,9	0,3	789	21	57	86	171
5. 10-20 ha, Montagne	12,2	0,4	2 465	90	185	216	106

4. Les micro-entreprises visées par le projet sont caractérisées par un personnel réduit (1 à 2 personnes), une mono-activité et un marché commercial peu étendu. La main d'œuvre est essentiellement féminine et les activités proposées pour les femmes permettent le travail au foyer. Des modèles d'activité ont été développés regroupant aussi bien des activités agricoles que des activités non-agricoles. Le projet prévoit, à titre indicatif, d'octroyer plus de 5 000 crédits (à travers les caisses mutuelles) pour la création des activités d'artisanat et de micro-entreprises. Les 28 modèles de micro-entreprises/artisanat (cf. DT7, Appendice 5), prévoient un montant d'investissements inférieur à 5 millions de DA (62 500 USD), mais qui pourraient générer des revenus additionnels nets par crédit (en année 7) assez élevé: par exemple, 15 300 DA/an pour la confection artisanale, 73 000 DA/an pour le tapis traditionnel et 624 000 DA/an pour l'huilerie.

5. En outre, le projet va donner la priorité à l'utilisation de la main d'œuvre locale afin d'injecter des revenus supplémentaires dans la zone. Les activités consommatrices de main d'œuvre seront les travaux de CES, les infrastructures socio-économiques et les aménagements sylvo-pastoraux. Ces



salaires vont contribuer à supporter les éventuelles baisses de revenus durant les premières années du projet à cause des modifications dans les systèmes de production.

### Taux de rentabilité économique

6. L'analyse économique a été conduite sur une période de 30 ans et prend en considération les bénéfices liés à l'augmentation de la production agricole et fourragère et à la promotion des micro-entreprises et de l'artisanat. Un taux de change constant de 80 DA par USD a été adopté. Les prix et coûts financiers ont été transformés en prix et coûts économiques en procédant à la déduction des taxes et à des calculs de prix paritaires à l'importation. Par contre, les bénéfices économiques provenant des infrastructures socio-économiques (eau potable et pistes rurales), des actions d'alphabétisation pour les femmes, du renforcement des capacités locales, de l'amélioration du bilan nutritionnel due à l'accroissement de la production agricole, ainsi que les effets positifs sur l'environnement (arrêt de la dégradation des parcours et de l'érosion des sols) n'ont pas pu être quantifiés.

7. Le taux interne de rentabilité économique (TRE) serait de 14,4% en considérant l'ensemble des coûts du projet mais sans tenir compte des bénéfices liés aux micro-entreprises. Ce taux est supérieur au coût d'opportunité du capital (COC) de 12%. Il serait de 23,3% si on considérait ces derniers. Ces taux sont satisfaisants, d'autant plus que tous les bénéfices n'ont pas été quantifiés. Il s'agit principalement des bénéfices des pistes (désenclavement, circulation plus facile et moins coûteuse des facteurs de production, des produits, et de services), des bénéfices de la stabilisation des sols et de la lutte contre l'érosion, et de la réduction des coûts de transaction (coûts de l'information et de renforcement du pouvoir de négociation des producteurs, coûts de l'exécution des contrats formels et informels entre protagonistes).

8. L'analyse de sensibilité montre que le TRE n'est pas très sensible aux variations des coûts et des bénéfices. Même sans tenir compte des bénéfices liés aux micro-entreprises, si les coûts augmentaient de 20%, le TRE serait de 10,2%; en cas d'une forte baisse des bénéfices (-20%), le TRE serait de 9,3%; dans le cas d'un retard de 2 ans des bénéfices, le TRE serait encore de 10%. En tenant compte des bénéfices générés par les micro-entreprises, le TRE reste supérieur à 15% dans tous les cas testés. Les résultats de l'analyse de sensibilité sont résumés dans le tableau suivant :

**TABLEAU 2: ANALYSE DE SENSIBILITÉ – VARIATIONS DU TAUX DE RENTABILITÉ ÉCONOMIQUE  
(en %)**

Scénarios	Coûts de base	Variation des coûts		Variation des bénéfices			
		+ 10%	+ 20%	-10%	-20%	Retard de 1 an	Retard de 2 ans
Sans micro-entreprises	14,4	12,2	10,2	12	9,3	11,8	10
Avec micro-entreprises	23,3	20,9	18,7	20,6	17,7	18,9	16