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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Third Session

Rome, 1-2 December 2004

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED FINANCIAL ASSISTANCE TO THE

HASHEMITE KINGDOM OF JORDAN

FOR THE

AGRICULTURAL RESOURCE MANAGEMENT PROJECT – PHASE II

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CURRENCY EQUIVALENTS

Currency Unit	=	Jordanian dinar (JOD)
USD 1.00	=	JOD 0.708
JOD 1.00	=	USD 1.41

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 ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

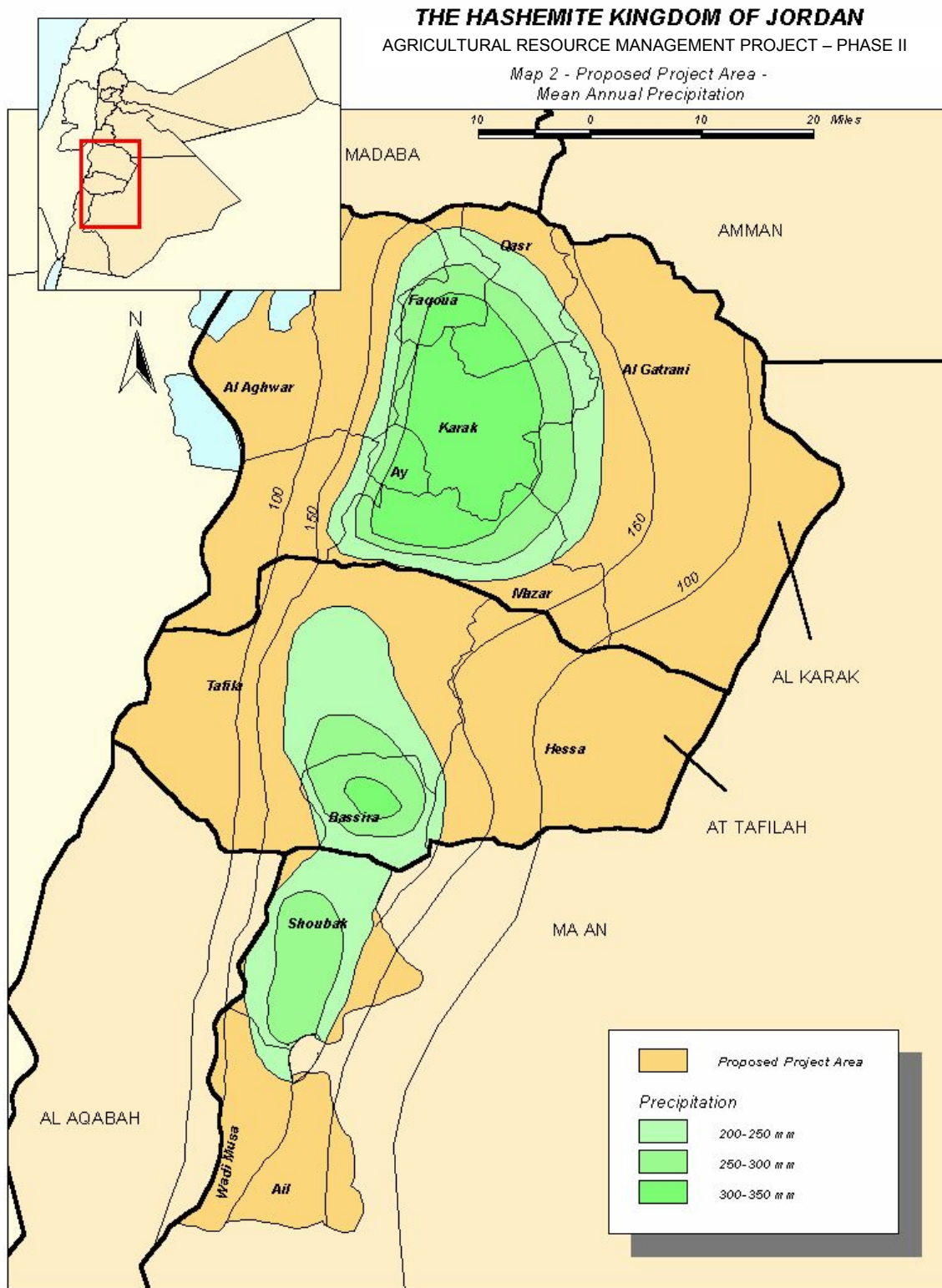
ABBREVIATIONS AND ACRONYMS

ACC	Agricultural Credit Corporation
AFESD	Arab Fund for Economic and Social Development
ARMP-II	Agricultural Resource Management Project – Phase II
AWP/B	Annual workplan and budget
CAPs	Community Action Plans
EIRR	Economic internal rate of return
EPP	Enhanced Productivity Programme
GEF	Global Environment Facility
GTZ	German Agency for Technical Cooperation
MOA	Ministry of Agriculture
MOE	Ministry of Environment
MPIC	Ministry of Planning and International Cooperation
MTR	Mid-Term Review
PMU	Project Management Unit
PSC	Project Steering Committee
RCC	Regional Coordinating Committee
RIMS	Results and Impact Management System
SWC	Soil and Water Conservation

GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN
Fiscal Year

1 January – 31 December

MAP OF THE PROJECT AREA



Source: IFAD.

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

HASHEMITE KINGDOM OF JORDAN
AGRICULTURAL RESOURCE MANAGEMENT PROJECT – PHASE II

FINANCING SUMMARY

INITIATING INSTITUTION:	IFAD
RECIPIENT:	Hashemite Kingdom of Jordan
EXECUTING AGENCY:	Ministry of Agriculture
TOTAL PROJECT COST:	USD 41.8 million
AMOUNT OF IFAD FINANCING:	Loan: SDR 7.6 million (equivalent to approximately USD 11.4 million) Grant: SDR 140 000 (equivalent to approximately USD 200 000)
TERMS OF IFAD LOAN:	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
COFINANCIERS:	Organization of the Petroleum Exporting Countries (OPEC) Fund Global Environment Facility (GEF)
AMOUNT OF COFINANCING:	OPEC: USD 10.3 million GEF: USD 6.5 million (grant)
TERMS OF COFINANCING:	OPEC: 20 years, including a grace period of five years, with an interest rate of 2.75% per annum and with a service charge of 1% per annum
CONTRIBUTION OF RECIPIENT:	USD 11.0 million
CONTRIBUTION OF BENEFICIARIES:	USD 2.4 million
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services

PROJECT BRIEF

Project beneficiaries. The Agricultural Resource Management Project – Phase II (ARMP-II) will target around 22 300 households or 134 000 inhabitants in rural areas (75% of the total rural population in the project area). The target group will include: (i) small farmers (both men and women) with limited or no access to rural finance and extension support; and (ii) landless men and women with insecure income and little or no access to rural finance or market information for income-generating activities. A two-level method of targeting will: (i) identify villages and priority areas with a high concentration of poor farmers and rural women; and (ii) tailor interventions to the priority needs expressed by the poor in the selected villages and areas.

Causes of poverty. The incidence of poverty in the project area is among the highest in the highlands of Karak, Tafila and Ma'an Provinces. This is due to limited sources of family income and employment; large family size and a high dependency rate; low rainfall and extremely limited water resources; fragmentation of landholding; low levels of agricultural technology and inefficient extension services; and limited access to rural finance.

Project assistance to the target group. The project will support: (i) capacity-building of local communities; (ii) on-farm and off-farm soil and water conservation such as the rehabilitation of springs, construction of cisterns, rehabilitation of Roman wells, protection of wadi banks and building of mini-check dams; (iii) institution-building to improve target group access to extension services, modern technologies and techniques for orchard development, and to on-farm and off-farm income generating activities such as livestock and fruit processing; (iv) construction of rural roads to facilitate access to markets and social facilities; and (v) promotion of a pro-poor rural finance system through the restructuring of the Agricultural Credit Corporation, the establishment of a credit facility and support to village-based microfinance initiatives.

Project approach and beneficiary participation. The community-based participatory approach adopted by the ARMP-II is based on the principle that the communities themselves will elaborate and implement, in partnership with the project, their village development programme. The communities will be directly involved in all phases of the project cycle and project beneficiaries will be jointly selected by community members and the Project Management Unit (PMU). Communities will establish criteria for identifying the poor and disadvantaged households within their community. All project interventions in the targeted villages will be planned and implemented on the basis of community demand, reflected in Community Action Plans (CAPs) and Annual Work Plans (AWPs). This exercise will be conducted under the umbrella of existing legally registered voluntary societies and/or cooperatives provided that they are valid and dynamic, or by the informal Village Development Committee if the selected village does not have a legal voluntary society/cooperative. Greater prominence will be given to women's development through: (i) gender-balanced decision-making processes within the community; and (ii) inclusion of women's development priorities in the CAPs. In addition to their involvement in decision-making, project beneficiaries will contribute around USD 2.4 million equivalent, in cash or in kind (labour) towards total project costs (5.8% of the total).

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON PROPOSED FINANCIAL ASSISTANCE TO THE
HASHEMITE KINGDOM OF JORDAN
FOR THE
AGRICULTURAL RESOURCE MANAGEMENT PROJECT – PHASE II**

I submit the following Report and Recommendation on proposed financial assistance to the Hashemite Kingdom of Jordan, comprising a loan of SDR 7.6 million (equivalent to approximately USD 11.4 million) on intermediate terms and a grant of SDR 140 000 (equivalent to approximately USD 200 000) to help finance the Agricultural Resource Management Project – Phase II. 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. The financing will be administered by the United Nations Office for Project Services as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. Jordan has a small open economy of USD 9.0 billion per annum and a per capita income of USD 1 760 (World Bank Atlas, 2002). The country has limited natural resources and is highly dependent on imports, particularly oil and foodstuffs. The national economy is characterized by a dominant service sector (tourism, transport, finance and insurance), which accounted for over 74% of gross domestic product (GDP) in 2002.
2. The full economic response to stabilization and structural reform, under implementation since 1989, is still to be felt, but the initial impact – backed by international support – has been impressive. GDP growth for 1992-2002 averaged 3.7% per year. Inflation fell from double-digit level during the economic crisis of 1986-92 to around 1% in 2002. In 2002, Jordan's foreign debt stood at USD 8.0 billion, registering a reduction as a ratio of GDP from around 150% in 1990 to about 88% in 2002.
3. Agriculture contributes about 3% to Jordan's GDP and generates about 25% of total exports, principally in the form of food commodities and live animals, dairy products, eggs, fruits, nuts and vegetables. The agricultural sector provides a livelihood for 20% of the population and employs about 7% of the labour force. Although the sector is small in relation to the overall economy, it is important not only for the production of tradable goods but also for its strong up- and downstream linkages, as a result of which an estimated 28% of GDP is considered as agriculture-dependent.
4. Of Jordan's total area of 8.9 million ha, only 4.3%, mainly in the highlands and Jordan Valley, is cultivable. Jordan is one of the world's driest countries with the lowest per capita availability of renewable water resources (150 m³ in 2002). Scarcity of water is becoming a major constraint on growth and represents a threat to the agricultural sector, which suffers from over-extraction of groundwater in the highlands and flow of polluted wastewater to the Jordan Valley. Present water use in Jordan exceeds renewable freshwater resources by more than 20%. After the year 2005, freshwater resources will be fully used up and there are no other known resources within the country to develop.

¹ See Appendix I for additional information.

B. Lessons Learned from Previous IFAD Experience

5. The first phase of the project, the Agricultural Resource Management Project in the Governorates of Karak and Tafila, was subject to an Interim Evaluation in February 2004. The key lessons and recommendations arising from the evaluation were fully incorporated into the design of this second phase, and are described below.

6. **Participation.** In Phase I of the project, the Ministry of Agriculture (MOA) was not convinced that the participatory approaches suggested by project design were either cost-effective or appropriate to the national and local context. The second phase of the project could make a significant contribution by assisting MOA in applying participatory approaches in its poverty reduction and agricultural development efforts. A strategic approach to participation needs to be adopted and mainstreamed at all levels within the MOA. An appropriate package of institutional strengthening should therefore be included in Phase II, which covers the technical training requirements of beneficiaries and ministry staff and enables the adoption and introduction of participatory methods. Related to the participatory approach, and in order for the poverty focus of the project to be improved, targeting mechanisms must be sharpened.

7. **Water.** In Phase I, the efficiency of water use in agriculture was not given highest priority, however the limiting factor in the Government's strategy for agricultural development through conservation is water, not land. For environmental considerations and to promote sustainable water conservation, Phase II must therefore stop relying on groundwater for irrigation and gear the extent of the agricultural area to the scarcest resource, i.e., good quality water,

8. **Rural Finance.** In ARMP-II, credit needs to be given a more central role and to be considered in the wider context of rural financial services, following IFAD's policy guidelines. The Agricultural Credit Corporation (ACC) should continue to play a key role in any MOA development strategy, as it remains the only formal organization able to provide financial services to producers in rural areas. There is a need, however, to identify mechanisms through which ACC can grow into a much more broadly based financial institution, able to reach out to those individuals and groups who need ACC services in order to climb out of their poverty. In addition, microfinance outside the ACC should be promoted through community-based initiatives.

C. IFAD's Strategy for Collaboration with Jordan

Jordan's Policy for Poverty Reduction

9. The Government is committed to reducing poverty through a combination of sustainable economic growth and improved basic social services. In the context of the national strategy for addressing poverty and unemployment, the Government of Jordan launched the Social Productivity Programme (SPP) in early 1998 to raise the overall social productivity of the country, with a focus on the poor and less advantaged. The total programme cost is estimated at Jordanian dinars (JOD) 178 million (USD 250 million). The SPP is funded by international donor agencies and the Government of Jordan and is being implemented in two phases. The first phase (SPP) is closed and the second phase, the Enhanced Productivity Programme (EPP), is ongoing. The EPP builds productivity by promoting enterprise, community and infrastructure development to reduce poverty and unemployment and enhance economic growth among the rural poor throughout Jordan. The EPP has five interrelated components: (i) the rural community cluster development programme; (ii) the enhanced productivity centre programme; (iii) the community infrastructure programme; (iv) training; and (v) small grants.

The Poverty Reduction Activities of Other Major Donors

10. The EPP is funded by international donor agencies such as the World Bank, United Nations Development Programme (UNDP), Arab Fund for Economic and Social Development (AFESD), Islamic Development Bank, Government of Italy, German Credit Institution for Reconstruction and German Agency for Technical Cooperation (GTZ). In addition to its support of the EPP, the World Bank has been supporting a grant of USD 5 million from the Global Environment Facility (GEF) to help Jordan improve the conservation of medicinal and herbal (M/H) plants and the livelihood of rural communities. The World Bank project supports Jordan's capacity to manage the genetic resource base of wild M/H plants sustainably, diminish threats to M/H species, and identify and protect key biodiversity areas.

IFAD's Strategy in Jordan

11. Jordan's agricultural sector is influenced greatly both by the scarcity of water and by poor land resources. About 80% of the country's staple foods, mainly cereals, are grown in rainfed areas where the majority of farmers are smallholders and much more disadvantaged than those living in irrigated areas. In line with the Government's policy, IFAD's strategy for development assistance in Jordan is based on the increasing scarcity of soil and water resources and the fact that the vast majority of the rural poor are rainfed producers. IFAD's strategy concentrates exclusively on rainfed rural development, with an emphasis on the integration of small ruminant production with field crop production and fruit tree development in high rainfall areas, and pasture and range development in low rainfall areas. With both an environmental and a human dimension, the main thrusts of IFAD's strategy are the conservation and management of natural resources and the promotion of beneficiary empowerment and participation. The integration of smallholders, including rural women, into the mainstream of rural development through decentralization and local participation in design, implementation, cost-sharing and management of investment activities, has been increasingly pursued.

Project Rationale

12. Poverty is most prevalent in the southern governorates of Jordan where the project area is located. The majority of households are dependent on low-input farming, which generates limited output based on low and uncertain rainfall. Farming will continue to play an important role in sustaining the rural poor. This suggests that an agriculture-based programme focused on rural poverty reduction in the southern highlands is consistent with national priorities and IFAD's strategy in Jordan, and will help reduce poverty among the project target group, arrest land degradation, restore soil fertility and improve water-use efficiency.

PART II - THE PROJECT

A. Project Area and Target Group

13. The project area is located in the southern highlands, east of the Jordan Rift Valley running in a general north to south direction. It covers an area of approximately 6 540 km². Administratively, it covers the governorates of Karak and Tafila and the districts of Shoubak, Wadi Musa and Ail of the Ma'an Governorate.

14. The total population of the project area is estimated at about 258 000, with a household size ranging from five to seven members. The total rural population is estimated at 180 000 (about 30 000 households), living in 120 villages of 100 to 2 000 households. The main socio-economic characteristics of the rural population are: (i) a large portion (86%) is non-resident on-farm; (ii) about

50% of households depend on agriculture to varying degrees (10-80%); and (iii) the average family income is derived from salaries, wages and pension (45%), agriculture (20%), livestock (12%), the National Aid Fund (12%) and other activities (11%).

15. The disadvantaged resource-poor farmers in the project area include those with: limited access to alternative sources of off-farm income; few opportunities for diversification of farm enterprise due to physical circumstances (water/soils/topography); restricted access to the financial resources needed to invest in farm activities with higher income-generating potential; no land in which they are willing to make longer-term investments; an average household size of seven members; and a high dependency rate due to the large percentage of young and non-productive household members (35% under 15 years of age).

16. The project target group is estimated at about 22 300 households (134 000 people) comprising 13 500 small and medium farmers, 2 700 rural landless and 6 100 other disadvantaged households. It is estimated that women will represent 10% of the small farmer category, since the percentage of women owning agricultural land is low. Women constitute the majority of the other targeted categories, mainly 70% of the landless and 60% of the other disadvantaged groups. In total, the target group represents about 75% of rural households, or 50% of the total population, confirming the high level of poverty within the project area.

B. Objectives and Scope

17. The main objectives of the proposed project will be to improve food and water security and the income levels of the target group of rural poor households in the project area. Project objectives will be met by promoting community development and through the efficient use and improved management of soil and water resources. The project will provide technical and financial support to: (i) build soil and water conservation structures and improve agricultural production through the active participation of the target group; (ii) promote sustainable land and water management practices and environmental monitoring; (iii) promote rural microfinance for on and off-farm activities; and (iv) strengthen the capacity of the existing PMU and the agricultural directorates in the project area.

C. Components

18. The project will comprise the following components:

- (a) **Community Development.** The project will support: (i) capacity-building of communities to develop effective mechanisms to involve all members in decision-making to enhance community self-reliance and ownership of project activities in order to sustain development, and assisting communities in prioritizing their development needs, both as individual households and as a community, and in compiling CAPs; and (ii) the strengthening of women's development capacity to ensure that they are integrated into the community participatory planning process. Women's particular needs in areas such as literacy training, on and off-farm income-generating activities and credit will also be addressed under this component.
- (b) **Resource Management.** The project will finance: (i) soil and water conservation. This includes on-farm measures for suitable land based on beneficiary demand and farm plans where the average rainfall is greater than 200 mm per year and off-farm measures including wadi bank protection and check dams for flood protection and erosion control; and (ii) water resource development including the construction of on-farm storage facilities such as cisterns and the rehabilitation of Roman wells; off-farm reservoirs (mini-earth dams) for seasonal storage of water for supplementary irrigation; protection of the springs and rehabilitation of their irrigation systems; assisting and training water users to form Water Users' Associations (WUAs) for proper operation and maintenance

of the irrigation system and for efficient use of water. In addition, a research programme will be funded to examine methodologies for the safe and economically feasible treatment of household domestic wastewater for reuse in irrigating tree crops.

- (c) **Sustainable Land Management.** Project interventions will focus on activities to enhance the enabling policy, regulatory and incentive frameworks that govern natural resource use, promote integrated land use planning and mainstream sustainable land management into national planning frameworks. A Concept Note has been submitted to the GEF to finance the preparation of a project development proposal and provide a grant to implement such interventions. The grant will promote the following activities: (i) support for increased community awareness of land degradation and desertification issues and of the cost-effective mitigation measures that they can undertake; (ii) expansion of soil conservation measures not funded under the resource management component on state lands to protect the integrity of the watershed; (iii) support for the development of environmental monitoring at the project and national levels; and (iv) institutional support and capacity-building to implement the proposed interventions.
- (d) **Agricultural Development.** The project will fund: (i) orchard development in conjunction with the project interventions in soil and water conservation, and for eligible farmers who have installed soil conservation structures under the Agricultural Resource Management Project in the Governorates of Karak and Tafila, but have not been able to plant due to drought and other constraints. The beneficiaries' preferences, technical considerations and market potential will determine the type and variety of tree crops to be planted; (ii) agricultural extension through the existing extension services at the governorate level, which will be strengthened to ensure efficiency and sustainability after project completion; and (iii) agricultural research to support the development of technological packages for orchard diversification and integration of crop and livestock production at the household level.
- (e) **Rural Roads.** The project will support the construction of rural roads to facilitate access to markets and social facilities. The roads will be built on the basis of community demand, cost-effectiveness, present and expected future traffic, agricultural area and number of beneficiaries served, and in accordance with the CAPs.
- (f) **Rural Financial Services.** The project will promote sound and sustainable rural financing through: (i) institutional strengthening of cooperatives and other legal entities established and operating in the project area with a view to transforming them into financial intermediaries between the three project area ACC branches and the rural population; and (ii) strengthening the ACC both institutionally and financially.

The development of microfinance at the village level will be based on the institutional strengthening and capacity-building of different types of legal institutions such as GTZ-supported cooperatives, associations/societies supported by the Ministry of Planning and International Cooperation (MPIC) and other legal entities through the training of staff and governing body members. The objective is to create and/or reinforce a network of sustainable financial intermediaries refinanced by the three ACC project area branches and allow on-lending. Microfinance activities under the project will be closely coordinated with the MPIC and EPP, which support similar activities nationwide, and with the GTZ to ensure adequate coverage of the project area and the project target group.

With regard to strengthening the ACC branches, and the aim of making them 'profit centres', the project will support the implementation of best practices at the three branches on a pilot basis. This will include savings and deposit mobilization, loan

appraisal, collection and recovery improvements, outreach and diversification of activities eligible for financing and a staff incentive scheme. In this respect, the project will provide technical assistance and training to staff from ACC headquarters and the project area branches and to village cooperative members; and equipment and vehicles to the three branches and to the project focal point at headquarters. Financial strengthening will cover: (i) provision of a line of credit for the three branches for on-lending to the target population, testing new delivery mechanisms and new types of clientele such as cooperatives and other legal entities, and financing rural development activities; and (ii) a contribution towards the potential losses of the three project area branches, as best practice implementation will undoubtedly increase expenses before ACC revenue can cover them. The proposed actions will be implemented over a four-year pilot period. On evaluation of the results and impact of these pilot practices at the Mid-Term Review (MTR), a decision will be taken on the introduction of best practices and their expansion to other branches, and the restructuring of the ACC into a rural development bank for providing sustainable banking services universally to the rural population.

- (g) **Project Coordination and Management.** The project will fund the staff and operating costs of project implementation and management. Institutional support for improved project coordination will include provision of workshops, preparation of an operation manual and the enhancement of the monitoring and evaluation system to become impact-oriented and aligned with IFAD's Results and Impact Management System (RIMS). Training and study tours will be provided for senior decision-making officers and project staff in community development and participation, as well as in the technical and financial aspects of project implementation.

D. Costs and Financing

19. The total project cost stands at USD 41.8 million over an eight-year implementation period. The foreign exchange element is estimated at USD 2.4 million and represents 6% of the total project cost. Physical and price contingencies total USD 3.5 million and represent 9% of base cost. The summary table below presents project costs by component.

20. The proposed project will be financed by: a loan of USD 11.4 million on intermediate terms and a grant of USD 200 000 from IFAD; and USD 10.3 million from OPEC Fund. Of the remainder, the Government will finance USD 11.0 million and beneficiaries will contribute USD 2.4 million equivalent, in kind or in cash. A GEF grant of about USD 6.5 million is being sought to finance activities under the sustainable land management component. The financing plan is summarized in Table 2.

E. Procurement, Disbursement, Accounts and Audit

21. **Procurement.** Following the *Procurement Guidelines*, details of the procurement of civil works, goods and consultant services under the proposed project will be as follows:

Procurement of civil works:

- (a) Each contract for the supply of civil works estimated to cost USD 200 000 equivalent or more will be awarded following international competitive bidding procedures set forth in the *Procurement Guidelines*.
- (b) Each contract for the supply of civil works up to an aggregate amount not to exceed USD 200 000 equivalent may be awarded on the basis of local competitive bidding advertised locally, in accordance with procedures approved by the cooperating institution.

TABLE 1: SUMMARY OF PROJECT COSTS^a
(USD '000)

Component	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
(a) Community development					
Community participation and capacity-building	1 273.0	271.0	1 544.0	18	4
Strengthening women's development capacity	385.9	-	385.9	-	1
Subtotal Community development	1 658.9	271.0	1 929.9	14	5
(b) Resource management					
Soil conservation measures	10 607.1	288.6	10 895.7	3	29
Water resources development	6 605.6	42.7	6 648.3	1	17
Subtotal Resource management	17 212.7	331.3	17 544.0	2	46
(c) Sustainable land management	7 605.0	845.0	8 450.0	10	22
(d) Agricultural development					
Orchard development	931.6	25.1	956.6	3	3
Agricultural extension	1 724.0	284.3	2 008.3	14	5
Agricultural research	269.2	-	269.2	-	1
Subtotal Agricultural development	2 924.8	309.3	3 234.1	10	8
(e) Rural roads	2 193.4	-	2 193.4	-	6
(f) Rural financial services					
Rural credit (ACC)	1 903.3	209.9	2 113.2	10	6
Microfinance	214.0	45.0	259.0	17	1
Subtotal Rural financial services	2 117.3	254.9	2 372.2	11	6
(g) Project coordination and management	2 215.3	265.7	2 481.1	11	6
Total baseline costs	35 927.3	2 277.3	38 204.7	6	100
Physical Contingencies	338.1	-	338.1	-	1
Price Contingencies	3 131.2	93.9	3 225.0	3	8
Total project costs	39 396.6	2 371.2	41 767.8	6	109

^a Discrepancies in totals are due to rounding.

22. The bulk of project resources will be devoted to soil conservation measures and water resource development (to be implemented through small local contractors) and will be allocated annually on the basis of the annual workplan and budget (AWP/B).

Procurement of goods and services:

- (a) Each contract for the supply of goods and service estimated to cost USD 200 000 equivalent or more will be awarded following international competitive bidding procedures set forth in the *Procurement Guidelines*.
- (b) Each contract for the supply of goods and services estimated to cost more than USD 20 000 but less than USD 200 000 equivalent will be awarded on the basis of competitive bidding advertised locally, in accordance with procedures approved by the cooperating institution.
- (c) **Local Shopping.** Each contract for the supply of goods and services estimated to cost USD 20 000 equivalent or less will be awarded on the basis of evaluating and comparing bids invited from at least three reputable suppliers, in accordance with procedures approved by the cooperating institution.

TABLE 2: FINANCING PLAN^a
(USD '000)

	IFAD		IFAD Grant		OPEC		GEF Grant		Beneficiaries		Government		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%			
(a) Community development																	
Community participation and capacity-building	717.0	42.6	-	-	-	-	-	-	-	-	967.3	57.4	1 684.3	4.0	288.2	1 321.5	74.6
Strengthening women's development capacity	428.7	100.0	-	-	-	-	-	-	-	-	-	-	428.7	1.0	-	428.7	-
Subtotal Community development	1 145.7	54.2	-	-	-	-	-	-	-	-	967.3	45.8	2 113.0	5.1	288.2	1 750.2	74.6
(b) Resource management																	
Soil conservation measures	583.2	4.7	-	-	5 912.9	47.7	-	-	1 325.5	10.7	4 571.5	36.9	12 393.1	29.7	312.0	11 910.8	170.2
Water resources development	4 343.0	57.4	-	-	1 916.4	25.3	-	-	1 110.7	14.7	194.4	2.6	7 564.5	18.1	45.7	7 491.8	26.9
Subtotal Resource management	4 926.2	24.7	-	-	7 829.3	39.2	-	-	2 436.3	12.2	4 765.8	23.9	19 957.6	47.8	357.8	19 402.7	197.1
(c) Sustainable land management	-	-	-	-	-	-	6 450.0	76.3	-	-	2 000.0	23.7	8 450.0	20.2	845.0	7 605.0	-
(d) Agricultural development																	
Orchard development	947.7	99.0	-	-	-	-	-	-	-	-	10.0	1.0	957.7	2.3	25.9	921.9	10.0
Agricultural extension	920.8	41.5	-	-	-	-	-	-	-	-	1 297.0	58.5	2 217.8	5.3	302.2	1 788.2	127.3
Agricultural research	296.7	100.0	-	-	-	-	-	-	-	-	-	-	296.7	0.7	-	296.7	-
Subtotal Agricultural development	2 165.2	62.4	-	-	-	-	-	-	-	-	1 307.0	37.6	3 472.2	8.3	328.1	3 006.8	137.3
(e) Rural roads	-	-	-	-	2 444.2	93.5	-	-	-	-	169.0	6.5	2 613.2	6.3	-	2 613.2	-
(f) Rural financial services																	
Rural credit (ACC)	1 903.9	89.0	199.1	9.3	-	-	-	-	-	-	35.5	1.7	2 138.4	5.1	220.5	1 882.5	35.5
Microfinance	284.3	100.0	-	-	-	-	-	-	-	-	-	-	284.3	0.7	48.1	236.2	-
Subtotal Rural financial services	2 188.2	90.3	199.1	8.2	-	-	-	-	-	-	35.5	1.5	2 422.7	5.8	268.6	2 118.7	35.5
(g) Project coordination and management	951.5	34.7	-	-	-	-	-	-	-	-	1 787.5	65.3	2 739.1	6.6	283.5	2 351.5	104.0
Total project costs	11 376.8	27.2	199.1	0.5	10 273.4	24.6	6 450.0	15.4	2 436.3	5.8	11 032.2	26.4	41 767.8	100.0	2 371.2	38 848.1	548.5

^a Discrepancies in totals are due to rounding.

23. **Disbursement.** The proposed IFAD loan of USD 11.4 million equivalent will be disbursed over a period of eight years. Disbursements will be made on the basis of statements of expenditure for payments made under contracts of USD 20 000 or less. Related supporting documentation will be prepared and maintained by the Financial Controllers of MOA and ACC for examination by supervision missions and auditors. For all other expenditure, disbursements will be made on the submission of full documentation. Withdrawals from the loan proceeds will be subject to clearance by IFAD and the cooperating institution of the AWP/Bs submitted by the borrower.

24. **Special Accounts.** To ensure timely availability of funds and to facilitate implementation of the project, the Government will open and maintain Special Account A and Special Account B in the name of the project in US dollars, in a bank acceptable to IFAD. The special accounts will be for the purpose of pre-financing IFAD's share of project expenditure, on terms and conditions satisfactory to IFAD. The special accounts will be used to make both foreign and local payments; amounts withdrawn will be converted into the currency of expenditure at the rate of exchange prevailing on the date of withdrawal.

25. **Special Account A** will be opened with an initial amount of USD 200 000 to facilitate implementation of the rural financial services component, provide the target group with timely credit, and obviate any possible liquidity problems for the ACC. Withdrawals by the ACC will be subject to the terms stipulated in the subsidiary loan agreement between the MPIC and ACC, approved by IFAD and the cooperating institution.

26. **Special Account B** will be opened to speed up the implementation of other components, and to obviate possible liquidity difficulties for the MOA. An initial amount equivalent to USD 800 000 will be deposited in Special Account B to finance expenditures for all categories, except those related to the rural financial services component.

27. All participating agencies responsible for executing project components or activities will keep account of expenditures under their respective project component. Independent project accounts will be kept apart from other (non-project) activities.

28. **Audit.** All project accounts (including the special accounts), Jordanian dinar accounts and statements of expenditure for each fiscal year will be consolidated and audited in accordance with appropriate auditing principles and practices consistently applied by independent auditors acceptable to IFAD. The Government will furnish certified copies of audit reports to IFAD within six months of the end of the fiscal year. A completion report, giving detailed information on the implementation and operations of the project – its costs, benefits and lessons learned – will be submitted to IFAD not later than six months after the loan closing date.

29. **Reports.** The implementing agencies will submit six-monthly financial and progress reports to the Project Steering Committee (PSC) as a condition for the release of funds for the ensuing period. The reports will record the financial and physical activities against AWP/B targets and will encompass the report of the Financial Controllers. The Project Manager will prepare the reporting formats and be responsible for the compilation of six-monthly and annual reports for submission to the PSC, cooperating institution and IFAD. The reports will be submitted within two months of the end of the reporting period.

F. Organization and Management

30. The project will be implemented through a partnership involving the PMU, the MOA's Governorate Directorates of Agriculture and local communities (through the CAPs). The MOA will be responsible for project interventions in agricultural resource development and management. The Ministry of Environment will be responsible for environmental monitoring and capacity-building,

under GEF financing. The ACC will be responsible for the supplementary project interventions in rural finance. Selected village societies or cooperatives will participate in community development and microfinance activities supported by the project. The Ministry of Public Works and Housing will be responsible for the rural roads component. Project activities will be coordinated by a PSC at the national level and a Regional Coordinating Committee (RCC) at the governorate level. A PMU will implement the project through five community support centres. Through service contracts, selected NGOs will be involved in community sensitization, organization and training. Within IFAD's recently released RIMS framework, a participatory monitoring and evaluation system will be put in place to monitor physical and financial progress, as well as impact at the community level. Using the RIMS anchor indicators, an impact assessment will be carried out at MTR and project closing. The monitoring system will be coupled with an environmental monitoring system at the national and the project level to enable the Government to assess land degradation mitigation measures and the contribution of such measures to achieving global benefits, and to identify appropriate, practical and cost-effective indicators at the project level.

G. Economic Justification

31. The project will increase the incomes of target group farmers in the project area through incremental farm productivity and crop yields. The project will contribute to building the governance capacity of villages and communities, and will empower them to determine their own development needs and priorities and participate in planning, implementation and monitoring activities. Capacity-building will develop self-reliance in the participating communities and provide training in the managerial and participatory skills needed for the development, operation/maintenance and sustainability of social infrastructure. The project will also provide training and opportunities for improved agricultural production and income-generating activities to community members to increase their income and/or develop their own private businesses.

32. The institutional strengthening of the Directorates of Agriculture in the project area will have many short and long-term benefits. The introduction of participatory methodology and improved extension techniques will serve as a model for replication elsewhere in Jordan. As the use of participatory planning is new to Jordan, lessons learned during project implementation will be valuable for the evolution of future soil and water conservation and extension programmes for scaling up countrywide. Likewise, the promotion of best practices and institutional strengthening in ACC branches and village cooperatives will lead to the establishment of a sound and sustainable rural financial system throughout the country.

33. **Benefits and Beneficiaries.** The community at large will benefit from a more vibrant agricultural sector, local infrastructure for processing and value adding, better access to financial services, and more sustainable use of the natural resource base. About 5 350 households will benefit from soil and water conservation (SWC) measures. The spring protection/rehabilitation programme will benefit about 1 000 households. Agricultural extension is expected to reach an estimated 22 300 households. It is expected that income-generating activities will benefit an estimated 5 000 women and landless, while literacy programmes will reach 5 400 persons. In addition, investments in SWC measures will reduce further degradation of the fragile ecosystem, increase vegetable cover, reduce run-off and soil loss, and improve soil fertility.

34. **Economic Analysis.** The economic internal rate of return (EIRR) on the investments over 30 years is estimated at about 16.8%, and is relatively stable with regard to cost increases, benefit reductions and delays in the realization of project benefits. A 20% increase in costs would reduce the EIRR to 13.8%, and a 20% decrease in benefits would bring it down to 13.1%. A 20% cost increase combined with a 20% decrease in benefits would result in an EIRR of 11.6%. Similarly, a delay of two years in the realization of project benefits would reduce the EIRR to 12.8%.

H. Risks

35. The proposed approach for community empowerment is designed to be implemented through close collaboration between the project and the communities. Risks include the possibility of weak participation by the communities in the planning and implementation processes. The project is designed to gain the trust and involvement of the communities and their leaders from the outset and to generate a sense of ownership in project activities, which will minimize the risk of weak participation. In addition, NGOs will play a major role in the sensitization, organization and training of community members.

I. Environmental Impact

36. The project will have a positive environmental impact through a process of participatory planning and investments in soil and water conservation works, and the introduction of new farm management practices through extension and orchard development. Soil and water conservation works and farm management will help reduce further degradation of the fragile ecosystem, restore natural vegetation cover, reduce run-off and soil loss, and improve soil fertility and resistance to erosion. The project will focus on introducing a complete and improved orchard management package to farmers. The supplementary project interventions in mini-check dam construction and small-scale water harvesting will have minimal negative environmental side effects. The proposed project interventions relating to the protection of springs will increase water-use efficiency and prevent water logging, particularly at the sources of springs. The project will not promote groundwater depletion.

37. The Ministry of the Environment has the national mandate to oversee the protection of the environment and is represented on the PSC and RCCs with the authority to approve the AWP/B for all project interventions, including the environmentally sensitive issues of rural roads and mini-check dams. The Ministry of the Environment will, therefore, be in a strong position to review the environmental impact assessments and proposed mitigation measures to ensure compliance.

J. Innovative Features

38. The project will introduce two main innovative features: microfinance and participatory community action plans. Using the project as an entry point, both features will be pursued by IFAD through a policy dialogue with the Government. Microfinance will be promoted through targeted institutional and financial strengthening of the ACC, and institution strengthening of cooperatives and other legal entities established and operating in the project area with a view to transforming them into financial intermediaries between the three ACC branches in the project area and the rural population. This initiative, to be assessed at MTR for scaling up, will contribute to the creation of a sustainable and favourable environment that enables the target population, i.e., the poorest households, women and the young unemployed, access to universal banking services and the opportunity to develop income-generating activities (both in agriculture and rural development) to increase their social and financial well-being.

39. The CAPs will promote a participatory approach, provide the main tool for introducing an innovative natural resource development and management mechanism, and will encourage the socio-economic development of the community in the project area. Through the CAPs, the communities themselves will elaborate their development programme according to the project's objectives and strategy, and its technical and environmental aspects. Communities will also be directly responsible for establishing the criteria for identifying poor and disadvantaged households within their community. On the basis of recent experiences, the proposed participatory approach is designed with a sharper poverty focus and introduces a two-stage targeting process that will: (i) identify poor and very poor villages and village clusters; and (ii) prioritize target groups that have been identified within these targeted villages and clusters.

PART III - LEGAL INSTRUMENTS AND AUTHORITY

40. A financing agreement between the Hashemite Kingdom of Jordan and IFAD constitutes the legal instrument for extending the proposed financial assistance to the recipient. A summary of the important supplementary assurances included in the negotiated financing agreement is attached as an annex.
41. The Hashemite Kingdom of Jordan is empowered under its laws to borrow from IFAD.
42. I am satisfied that the proposed financial assistance will comply with the *Agreement Establishing IFAD*.

PART IV - RECOMMENDATION

43. I recommend that the Executive Board approve the proposed financial assistance in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Hashemite Kingdom of Jordan in various currencies in an amount equivalent to seven million six hundred thousand Special Drawing Rights (SDR 7 600 000) to mature on or prior to 1 March 2025 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.

RESOLVED FURTHER: that the Fund shall provide a grant to the Hashemite Kingdom of Jordan in various currencies in an amount of one hundred and forty thousand Special Drawing Rights (SDR 140 000) and 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 FINANCING AGREEMENT**

(Negotiations concluded on 26 November 2004)

1. **Project account.** The Government of the Hashemite Kingdom of Jordan (the “Government”) will open and thereafter maintain in the Central Bank of Jordan, or another bank acceptable to IFAD, a current account denominated in Jordanian dinars for project operations (the “project account”).
2. **Pest management practices.** As part of maintaining sound environmental practices as required by IFAD, the Government will ensure that all implementing agencies maintain appropriate pest management practices under the project and, to that end, the Government will ensure that pesticides used under the project do not include any pesticide proscribed by the Food and Agriculture Organization of the United Nations or by the World Health Organization.
3. **Insurance of project personnel.** The Government will insure all project staff against health and accident risks to the extent consistent with, and in accordance with procedures under, its customary practice in respect of its national civil service.
4. The Ministry of Agriculture (the “Ministry”) will ensure that community action plans will be the basis for the preparation of the AWP/B (where appropriate) and budget allocation for each project year.
5. The following are specified as conditions for disbursement of funds from the loan:
 - (a) No withdrawals may be made in respect of expenditures under the project for any fiscal year until the respective AWP/B for that year has been submitted to and approved by IFAD.
 - (b) No withdrawals may be made in respect of expenditures under credit/pilot initiatives until the ACC subsidiary agreement between the Government and ACC in respect of implementation of the rural financial services component has been approved by IFAD.
6. The following are specified as conditions precedent to the effectiveness of the loan agreement:
 - (a) the Ministry has duly established the project steering committee;
 - (b) the Ministry has duly appointed a project manager, with qualifications and experience acceptable to IFAD;
 - (c) the Ministry has duly appointed a project accountant and a monitoring and evaluation officer with qualifications and experience acceptable to IFAD;
 - (d) the Ministry has established community services centres at Karak, Mazar, Qasr, Tafila and Shoubak;
 - (e) the loan agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and
 - (f) a favourable legal opinion, issued by the Minister of Justice of the Government or other legal counsel approved by IFAD, in form and substance acceptable to IFAD, has been delivered to IFAD.

APPENDIX I

COUNTRY DATA

JORDAN

Land area (km² thousand) 2002 1/	89	GNI per capita (USD) 2002 1/	1 760
Total population (million) 2002 1/	5.17	GDP per capita growth (annual %) 2002 1/	2.0
Population density (people per km²) 2002 1/	58	Inflation, consumer prices (annual %) 2002 1/	2
Local currency	Jordanian Dinar (JOD)	Exchange rate: USD 1 =	JOD ***ADD RATE***
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1996-2002 1/	3.0	GDP (USD million) 2002 1/	9 301
Crude birth rate (per thousand people) 2002 1/	28	Average annual rate of growth of GDP 1/ 1982-1992	1.3
Crude death rate (per thousand people) 2002 1/	4	1992-2002	3.8
Infant mortality rate (per thousand live births) 2002 1/	27	Sectoral distribution of GDP 2002 1/	
Life expectancy at birth (years) 2002 1/	72	% agriculture	2
Number of rural poor (million) (approximate) 1/	n/a	% industry	26
Poor as % of total rural population 1/	n/a	% manufacturing	16
Total labour force (million) 2002 1/	1.57	% services	72
Female labour force as % of total 2002 1/	26	Consumption 2002 1/	
Education		General government final consumption expenditure (as % of GDP)	23
School enrolment, primary (% gross) 2002 1/	99 a/	Household final consumption expenditure, etc. (as % of GDP)	75
Adult illiteracy rate (% age 15 and above) 2002 1/	9	Gross domestic savings (as % of GDP)	2
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita,		Merchandise exports 2002 1/	2 743
Malnutrition prevalence, height for age (% of children under 5) 2002 3/	8 a/	Merchandise imports 2002 1/	4 962
Malnutrition prevalence, weight for age (% of children under 5) 2002 3/	5 a/	Balance of merchandise trade	-2 219
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2002 1/	10 a/	before official transfers 2002 1/	-2 075
Physicians (per thousand people) 2002 1/	n/a	after official transfers 2002 1/	468
Population using improved water sources (%) 2002 3/	96 a/	Foreign direct investment, net 2002 1/	31
Population with access to essential drugs (%) 1999 3/	95-100	Government Finance	
Population using adequate sanitation facilities (%) 2002 3/	99 a/	Overall budget balance (including grants) (as % of GDP) 2002 1/	-2 a/
Agriculture and Food		Total expenditure (% of GDP) 2002 1/	33 a/
Food imports (% of merchandise imports) 2002 1/	17	Total external debt (USD million) 2002 1/	8 094
Fertilizer consumption (hundreds of grams per ha of arable land) 2002 1/	943 a/	Present value of debt (as % of GNI) 2002 1/	80
Food production index (1989-91=100) 2002 1/	167	Total debt service (% of exports of goods and services) 2002 1/	9
Cereal yield (kg per ha) 2002 1/	1 478	Lending interest rate (%) 2002 1/	10
Land Use		Deposit interest rate (%) 2002 1/	4
Arable land as % of land area 2002 1/	3 a/		
Forest area as % of total land area 2002 1/	1 a/		
Irrigated land as % of cropland 2002 1/	20 a/		

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

1/ World Bank, *World Development Indicators* database CD ROM 2004

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2004

PREVIOUS IFAD FINANCING IN JORDAN

Loan No.	Project Title	Initiating Institution	Cooperating Institution	Lending Terms	Approval Date	Effectiveness Date	Actual Closing Date	Loan Amount SDR million	% Disbursements as at Aug 04
ONGOING PROJECTS									
468-JO	National Programme for Rangeland Rehabilitation and Development - Phase I	IFAD	AFESD	Intermediate	04.12.97	04.09.98	31.12.04	2.9	35.54
509-JO	Yarmouk Agricultural Resources Development Project	IFAD	AFESD	Intermediate	29.04.99	03.04.00	30.06.06	7.4	23.60
CLOSED LOANS									
392-JO	Agricultural Resources Management Project in the Governorates of Karak and Tafila - I	IFAD	AFESD	Intermediate	06.12.95	11.07.96	30.06.03	8.7	100
329-JO	Income Diversification Project	IFAD	AFESD	Intermediate	06.04.93	06.06.94	31.12.01	7.3	100
067-JO	Cooperative Development of Rainfed Agriculture	IFAD	AFESD	Intermediate	08.09.81	1.10.81	30.09.90	9	100
115-JO	Small Farmers Credit Project	IFAD	AFESD	Intermediate	10.12.82	01.03.83	31.12.92	11.3	100

LOGICAL FRAMEWORK

Narrative Summary	Verifiable Indicators	Means of Verification	Assumption/Risks
<p>GOALS Improved food and water security and income levels of 22 300 poor rural households</p>	<ul style="list-style-type: none"> • Households with improvement in household assets ownership index, based on additional assets (productive assets, bikes, radio, improved housing, tin roofs, etc.) • Reduction in prevalence of child malnutrition (weight for age) • Percent increase in availability of water; and volume of stored rain water used (m³) for supplementary irrigation 	<ul style="list-style-type: none"> • Baseline survey, socio-economic surveys and National Statistics (gender-disaggregated) • Representative household surveys at mid-term and project completion (gender-disaggregated) • Participatory impact monitoring to complement household surveys • Project monitoring reports 	<ul style="list-style-type: none"> • Implementation of economic and social reform programmes will continue • Policy Dialogue leading to positive results
<p>OBJECTIVES To enhance gendered empowerment of the rural communities to better access, use and conserve the productive resources available to them</p>	<ul style="list-style-type: none"> • Percentage of the small farmers able to access agricultural support services by 2012 • Percentage increase in agricultural yields and production by the poor small farmers • Percentage of the poor small farmers able to access stored rainwater for supplementary irrigation • Percentage of the landless, women and other disadvantaged groups able to access credit for micro-enterprise development • Changes in the silt content of runoffs of project area wadis 	<p>Same as above</p>	<ul style="list-style-type: none"> • Implementation of Government strategy for poverty alleviation will continue • Donors assistance and support materialized and maintained
<p>OUTPUTS 1. Improve local level governance capacity and community-driven processes for local development; and improved general living conditions of women</p>	<ul style="list-style-type: none"> • 55 development committees formed and activities planned • 110 Community Action Plans (CAPs) prepared and implemented • Number of groups with women in leadership position • Literacy rates (%), gender differentiated 	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • Community leaders and elites do not dominate community participation
<p>2. Improve management and more rationale use of natural resources</p>	<ul style="list-style-type: none"> • 65 000 du improved by soil and water conservation measures • Increased availability of wate from springs, cisterns, wadis' runoffs and Roman Wells , area (du) irrigated • Number of WUAs formed and operational, membership by gender and landownership; area (du) 	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • Small farmers actively participate in construction and future maintenance of soil and water conservation measures

LOGICAL FRAMEWORK – CONTINUED

Narrative Summary	Verifiable Indicators	Means of Verification	Assumption/Risks
3. Promote sustainable land management (SLM) practices and support environmental monitoring	<ul style="list-style-type: none"> Increased community awareness Increased collection of local and national environmental indicators 	<ul style="list-style-type: none"> Project and external reports 	<ul style="list-style-type: none"> GEF grant funding available
4. Increase agricultural production	<ul style="list-style-type: none"> Number of trees and area (du) planted; Annual field crops planted (du); and production (ton) by crop; rate of adoption of technical packages; percentage increase in crop and orchard yields; number of animals, total income per household from agriculture and livestock production Number and percentage of trained agents/ staff, percentage of trained staff/agents on the jobs trained for 	<ul style="list-style-type: none"> Participatory impact monitoring Sample surveys Annual progress report 	<ul style="list-style-type: none"> Appropriate extension messages developed and disseminated Changes do not have a disproportionate negative impact on overall labour use at the household level
5. Improve rural roads and access to market	<ul style="list-style-type: none"> Number of villages/ village clusters connected to markets, education and social facilities Number of people benefited by rural roads and tracks per year Reduction (%) in transport service charge 	<ul style="list-style-type: none"> Participatory impact monitoring Sample surveys Annual progress report 	<ul style="list-style-type: none"> Directorates of Public Works and Housing at Governorate level will have the capacity and resources to maintain the roads
6. Improve access to financial services for diversified income generation and supply of agricultural inputs	<ul style="list-style-type: none"> Number of active savers; Value of saving mobilised ; Number of active borrowers; Value of gross loan portfolio (loans outstanding – loans written off; Number and type of micro-finance groups established; amount of loan per enterprise; membership by gender and by land ownership; total capital and percentage mobilized from local community; rate of repayment by gender and by land ownership category; and increase in household and individual income Off-farm income per household (amount) Number of people trained in productive skills Number of jobs generated by small and medium enterprises Percent of portfolio at risk (outstanding balance of overdue loans Percent of operational self-sufficiency Percent of operating cost/loan portfolio and Percent of outstanding loans/agents (staff productivity) 	<ul style="list-style-type: none"> Participatory impact monitoring Sample surveys Annual progress reports ACC Annual Reports 	<ul style="list-style-type: none"> ACC will implement best practices at project area branch offices
ACTIVITIES			
1.1 Sensitise and mobilise communities	<ul style="list-style-type: none"> Number of communities with Local Community Committee (LCC); number of special interest groups operational in each village/village cluster; number of community projects implemented (by type) Number of literacy classes held and people attended 	<ul style="list-style-type: none"> Same as above 	<ul style="list-style-type: none"> Local communities are willing to assume responsibilities PMU is willing to transfer responsibilities
1.2 Hold literacy/ awareness classes			

LOGICAL FRAMEWORK – CONTINUED

Narrative Summary	Verifiable Indicators	Means of Verification	Assumption/Risks
2.1 On-farm and off-farm soil and water conservation measures 2.2 Spring protection/and rehabilitation 2.3 Model Spring Irrigation System established 2.5 WUAs' legal framework reviewed and by-laws developed	<ul style="list-style-type: none"> • Length of wadi bank (km) and area (du) protected • 20 mini earth dams executed • 35 springs protected and irrigation area of 7 000 du rehabilitated • 2 model schemes established • 40 check dams constructed 	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • Activities are well coordinated with communities and are implemented based on CAPs and AWP
3.1 Environmental Monitoring System established 3.2 Stakeholders trained	<ul style="list-style-type: none"> • Contract awarded and executed • Training materials developed; training workshops held 	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • Environmental concerns mainstreamed into decision-making process of stakeholders
4.1 Orchards established 4.2 Field crops cultivated 4.3 Institutional capabilities of extension enhanced 4.4 Extension agents/staff trained 4.5 Directorates of Agriculture strengthened	<ul style="list-style-type: none"> • Number of seedlings distributed and planted; area (du) cultivated by each field crop; number of persons trained by gender and sector; number of farmers using purchased inputs • Number of farmers participating in research trials; number of demonstrations held on farmer's field; number of people accessing technical advisory services facilitated by project • Number of research for-development extension/dissemination events attended by target households; number of staff/extension agents trained 	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • Departments of Agriculture at Governorate level will recruit additional qualified extension staff
5.1 Rural Roads and tracks constructed	<ul style="list-style-type: none"> • 60 km new rural roads constructed and 40 km rehabilitated • 70 km new tracks constructed 	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • Quality of design and construction meet national standards and according to criteria approved by PSC
6.1 Financial services provided	<ul style="list-style-type: none"> • Number of loans disbursed by borrower and maturity (gender differentiated) • Number of loans disbursed to groups (e.g., cooperatives, CBOs) and maturity 	<ul style="list-style-type: none"> • ACC Annual Reports • Supervision and annual progress reports, • Participatory impact monitoring with LCCs 	<ul style="list-style-type: none"> • Loan requirements and conditions are affordable by the project target group
7.1 Community Service Centres established and mobilised	<ul style="list-style-type: none"> • Five CSCs established and fully operational • Staff recruited and trained 	<ul style="list-style-type: none"> • Annual Workplan and Budget (AWP/B) • Supervision and annual progress reports, • Participatory impact monitoring with LCCs 	<ul style="list-style-type: none"> • Suitable candidates recruited • No delay in funding • Procurement is managed efficiently and is on time

COORDINATION, MANAGEMENT AND IMPLEMENTATION ARRANGEMENTS

1. **National level.** A PSC at the national level will carry out coordination and control functions of the project. At present the Permanent Steering Committee is responsible for coordination of project activities and act as procurement committee for all IFAD-funded projects. Given that procurement of goods, services and civil works for three projects is a major time consuming task and requires special expertise, two separate committees will be set up to carry out these tasks.
2. A high ranking PSC with the primary responsibility of guiding the project implementation activities at the national level, approving annual work plans and budgets and other key policy decisions be set up under the chairmanship of the Minister of Agriculture, or his/her representative. Member of the PSC will be composed of General Secretaries, or their representatives, from MOE, the MPIC, the Ministry of Public Works and Housing (MPWH), the Ministry of Social Development (MSD) and the Ministry of Water and Irrigation (MWI). Other members of the PSC will be the Director General of ACC; Directors of Jordan Cooperative Organisation (JCO); NCARTT and General Director of Budget of Ministry of Finance (MOF). A Procurement Committee (PC) will be established in accordance with provisions of the Law. Members of the PC will be nominated by the Minister of Agriculture. MOA's Deputy Secretary General for Projects and Extension will be member of both PSC and PC.
3. The PSC will meet at least once quarterly, and on an *ad hoc* basis as and when necessary. It will have authority in all matters of policy regarding the project and in the general coordination of project affairs. Specifically, the PSC will: (i) ensure that project activities are in compliance with the Government's policies; (ii) ensure compliance with the Government requirements for the processing of project financing and the submission of withdrawal applications; (iii) approve consolidated project AWP/Bs; (iv) ensure that project interventions are coordinated where appropriate with other development programmes and projects; and (v) generally oversee the systematic implementation of the project.
4. **Regional level.** A RCC will coordinate the Project activities at the Governorate and District levels. The membership of the RCC will include the heads of the Directorates of Agriculture in Karak, Tafila, and Ma'an Governorates; Regional Director of ACC; Assistant to the Secretary General, Southern Region (WAJ), Representatives of Ministry of Social Services, MOE, Union of Voluntary Societies and three beneficiaries, one of which will be a woman. The project manager (PM) will be appointed to run day to day activities of the project and be a member of RCC. The chairman of RCC will be selected by the common accord of the members. Other members might include representatives of the participating NGOs and staff of other on-going related projects in the area.
5. The RCC will meet quarterly and will be responsible for: (i) ensuring that participatory workshops are held annually for the preparation of AWP/Bs and progress reviews; (ii) reviewing consolidated AWP/Bs for submission to the PSC for approval; (iii) receiving and reviewing all progress monitoring and impact evaluation reports; (iv) resolutions of disputes, such as over responsibilities or technical interventions; and (v) generally overseeing the implementation of project's components at the regional level.
6. **Project management.** The project will be implemented by the existing PMU in Karak. The PMU will be headed by a PM who will be fully responsible and accountable for carrying out the project activities upon approval of the PSC. The PM will report to the Deputy Secretary General for Projects and Extension of the MOA for administrative support and for access to the PSC. The PM will be assisted by at least nine professional officers including: Land Use Planner, Community Development Officer, and Women in Development Officer, Micro-finance Officer, Extension Officer, Civil/Water Resources Engineer, Monitoring and Evaluation Officer, Accountant and support staff. These officers will be responsible to PM for implementation of the AWP/B and for their respective units. The existing project Field Units will be expanded to CSCs to assume the increased

APPENDIX IV

responsibilities under Phase-II and to improve services. Each CSC will comprise a Technical Team and a Community/Women Development Team that report to a CSC Manager. An additional CSC will be established in Shoubak. All CSCs will be technically and administratively under the PMU and will report to the Project Manager, directly.

7. The PMU will be responsible for all aspects of project implementation including (i) acting as the RCC secretariat; (ii) compiling the CAPs into district-based AWP/Bs for review by the RCC, and subsequently preparing the consolidated project AWP/Bs for submission to the PSC for approval; (iii) supervising the preparation of withdrawal applications and ensure compliance with the Government's regulations on withdrawal application submission; (iv) preparing terms of reference and qualification requirements for selection of private sector consultants, contractors and NGOs for PMU interventions; (v) assisting procurement committee, as necessary, for selection and award of contracts; (vi) administering contracts with such contractors; (vii) coordinating project interventions under environmental monitoring/capacity building, and agricultural extension sub-components as well as rural road and rural finance components; (viii) implementing all other project components and sub-components; (ix) targeting and identifying communities and beneficiaries for project interventions; (x) organizing, and administering workshops, surveys and reviews; (xi) developing, installing and maintaining a participatory monitoring and evaluation system, as the basis for the orderly monitoring of project's administration; and (xii) prescribing, overseeing and directing project monitoring and evaluation, particularly impact monitoring.

8. MOA's re-organisation and decision to decentralize agricultural support services is expected to provide new opportunities for improved services; however, associated procedures are not yet fully formulated. The project provides an opportunity to assist MOA to move towards decentralization while at the same time responding to requirements of policy reform, serving the project's field implementation needs and strengthening existing technical support services. Therefore, in line with the decentralization policy of MOA, the CSCs will be transferred to Governorate Directorate of Agriculture, at MTR, or at a suitable time when the CSCs are fully operational and the respective Governorate Agricultural Directorate has developed the capacity to operate and manage these CSCs and carry out the project implementation tasks, efficiently.

Implementation arrangements and responsibilities

9. **Community development.** The Community Development Unit (CDU) at PMU will be in full charge of all the activities related to the participatory approach and planning, strengthening women development capacity and community participation and capacity building. An experienced technician (sociologist, anthropologist, or economist) will head the unit. The main functions of the Unit will be coordination of the preparation and implementation of the CAPs with other concerned technical units and to support, guide, supervise and control of the Community Development Teams at the CSCs. A staff of four at the headquarters and five District Teams, each composed of six staff members, will support the Unit.

10. **Resource management.** The PMU through its soil and water conservation and engineering units will be responsible for implementation of resource management component. Five teams will support these units; each will work in close coordination and cooperation with the District Community Development Teams at the CSCs. These units will prepare their AWP/Bs in harmony with CAPs and AWP at each district.

11. The SWC measure will only be implemented following the preparation of, and in accordance with the farm plans. No plots of land holdings will be eligible for development without an accompanying farm plan. This measure will ensure land is developed in accordance with environmental guidelines. In general, lands over 8% slope will be only developed for tree crops while land under 8% will be eligible for either field crop or tree crops development. The Soil Conservation Unit will assist the farmers implement the soil and water conservation measures and orchard

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establishment. An initial agreement is drawn up between the project and each interested farmer to allow staff to enter the farm and carry out the survey and prepare the farm plan. A second agreement is signed once the farm plan and responsibility and obligations of the farmer and the project have been agreed upon. Beneficiaries will have the option to carry out the works and be paid for according to the established norms, less the amount of their contribution, or the works will be carried out by the project through a private contractor, selected according to procurement guidelines, with beneficiaries contributing the cost of common labour. Payments will be made according to progress of the works, less a performance guarantee which will be released upon satisfactory implementation of the farm plan including SWC measures and orchard establishment.

12. **Agricultural extension.** Directorates of Agriculture in Karak, Tafila and Ma'an Governorates will be responsible for agriculture and livestock extension through their existing organizational structure and technical units, which will be strengthened by the project. A focal person will be appointed for each directorate and project district extension offices charged with implementation of project interventions. The focal persons will follow-up and streamline implementation activities at their respective directorates and districts, and assist in preparation of the AWP/B and progress report. At the district level, the focal persons will work closely with the CSCs. The extension officer at the PMU will coordinate all extension activities under the project.

13. **Rural roads.** The Ministry of Public Works and Housing through its Directorates in Karak, Tafila and Ma'an Governorates will be responsible for implementation of rural road component. The roads will be selected according to the PSC approved procedures and guidelines. The Directorates of Public Works design and supervise their construction by private contractors.

14. **Rural Finance.** The ACC will provide most of the rural credit sub-component, through subsidiary loan agreements. Identification of eligible beneficiaries will initially be carried out by the PMU, based on criteria established by the project. ACC, through its branches in the project area will be responsible for approval, disbursement, supervision and recovery of the loans. It will also be responsible for evaluation of the technical and financial viability of the loans, credit-worthiness of the applicant and final selection of eligible borrowers. Micro-finance sub-component will be implemented by the MPIC through EPP. A small Micro-finance Unit at PMU will follow-up and coordinate rural financial services provided by ACC and the MPIC.

15. **Inception workshop.** A three-day inception workshop will be held by the MOA Department of the Projects with cooperation of ACC, soon after the appointment of the PM and recruitment of key project staff. The objective of the workshop will be to familiarise the participating institutions and staff to the project objectives, components and their implementation strategy. In particular, the workshop will present the project rationale and strategy for beneficiary and community participation; project organisation and management procedures; and IFAD's procurement and disbursement methods. Participants will include, for the first day, senior government officials and on the next two days for the staff directly involved in project implementation. Representatives from IFAD and/or the CI will also be invited to participate.

16. **Annual review workshop (ARW).** Annual workshops will be held to review the progress, constraints and opportunities for improved implementation of the project activities and to make necessary adjustments in the project plans, strategies and approaches, to meet the updated beneficiary requirements within the framework of established goals and available funds. The ARWs will be held prior to preparation of AWP/B, starting with the second year of project implementation. The ARW participants will include: senior regional government officials, responsible directors and senior officers of the project implementing agencies at project districts, beneficiary representatives from each district, as well as representatives from IFAD and/or the CI.

17. The project will be supervised every six months by the project CI. One of the semi-annual supervision missions will be scheduled to coincide with the ARW, which will provide an opportunity

for the mission to work closely with all stakeholders to identify progress, constraints, and to facilitate review and approval.

18. **Implementation manual.** The PMU will prepare a draft Project Implementation Manual and submit for approval of the PSC within six months after the effective date of the project. The manual will outline operational procedures for activities to be carried out under the project. The MOA will forward the approved draft to IFAD and CI, for their comments no later than six months after the effective date of the project.

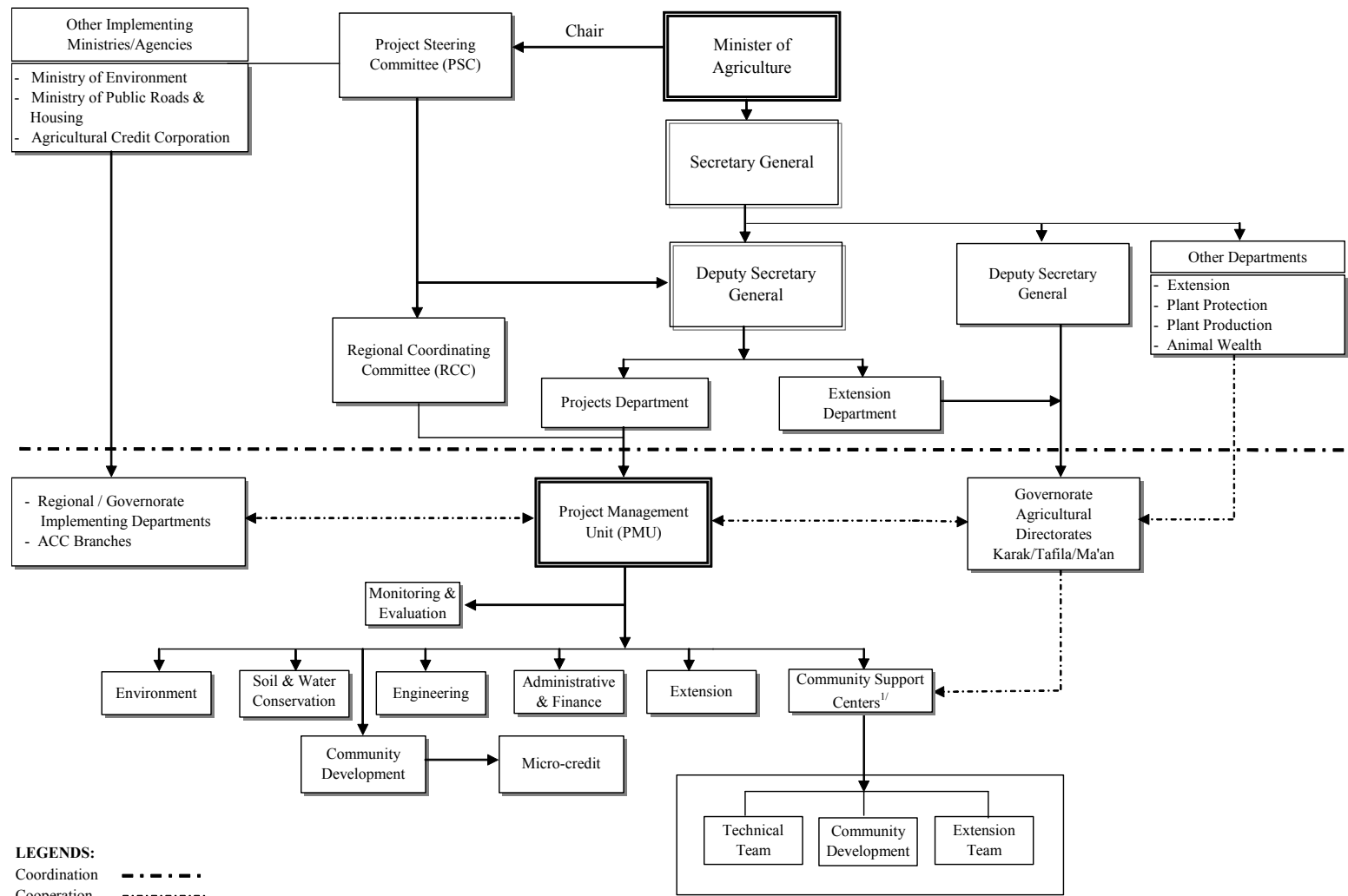
19. **Annual workplan and budget (AWP/B)** will be prepared by each implementing agency in conformity with government financial regulation and with timing for budgetary submissions. They will be a compilation of the communities' AWP/Bs based on CAPs and reflect detailed expenditure estimates by both recurrent and investment costs by implementing agency and by source of financing. The AWP/B will also be submitted to the PSC, IFAD and CI for review and approval, prior to submission to MPIC for inclusion in national budget. The AWP/B will accompany a report on the physical and financial performance of the previous year; a description of planned activities, procurement and disbursement projections, a training programme for the staff and the beneficiaries, and an administrative and operational budget by the project cost category.

Monitoring and Evaluation

20. The monitoring and evaluation system of ARMP-I is basically well-designed and functioning in a satisfactory manner. The project will maintain the system and will enhance its approach on the basis of recently released RIMS consistent with participatory emphasis of the project and provide opportunities for reporting and feedback reflecting the target groups and beneficiaries views. The project will introduce a gender disaggregated system of data collection for each project component. The system will be designed to capture the rate of implementation against planned targets and objectives, as set out by the project design and reflected in the AWP/Bs, and will monitor: (i) the financial information of the proposed project; (ii) the regular and systematic recording and reporting of progress against planned project targets; and (iii) more importantly, the assessment of the impact of project activities on the target group and the environment.

21. PMU will carry out a baseline survey at the project level. On the basis of the survey results, PMU will identify appropriate, practical and cost effective indicators at the project level and select a range of indicators of project impact on target group and the environment, plus the methods for measurement, in harmony with RIMS anchor indicator and carry out the monitoring and evaluation programme. An impact-oriented project logical framework will be the main tool for impact monitoring and evaluation. Using RIMS' anchor indicators, the overall impact assessment will be carried out at MTR and project closing. The monitoring system will be coupled with an environmental monitoring system at the national and project levels, so as to enable the Government to assess land degradation mitigation measures and the contribution of such measures in achieving global benefits.

ORGANIGRAMME



LEGENDS:
 Coordination - - - - -
 Cooperation - · - · - ·
 Authority —————

Note: ^{1/} Located at: Karak, Mazar, Qar, Shoubak and Tafila

