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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON PROPOSED FINANCIAL ASSISTANCE TO THE

REPUBLIC OF RWANDA

FOR THE

**SUPPORT PROJECT FOR THE STRATEGIC PLAN
FOR THE TRANSFORMATION OF AGRICULTURE (PSTA)**

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CURRENCY EQUIVALENTS

Currency unit	=	Rwandan franc
USD 1.00	=	RWF 580
RWF 1.00	=	USD 0.0017

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

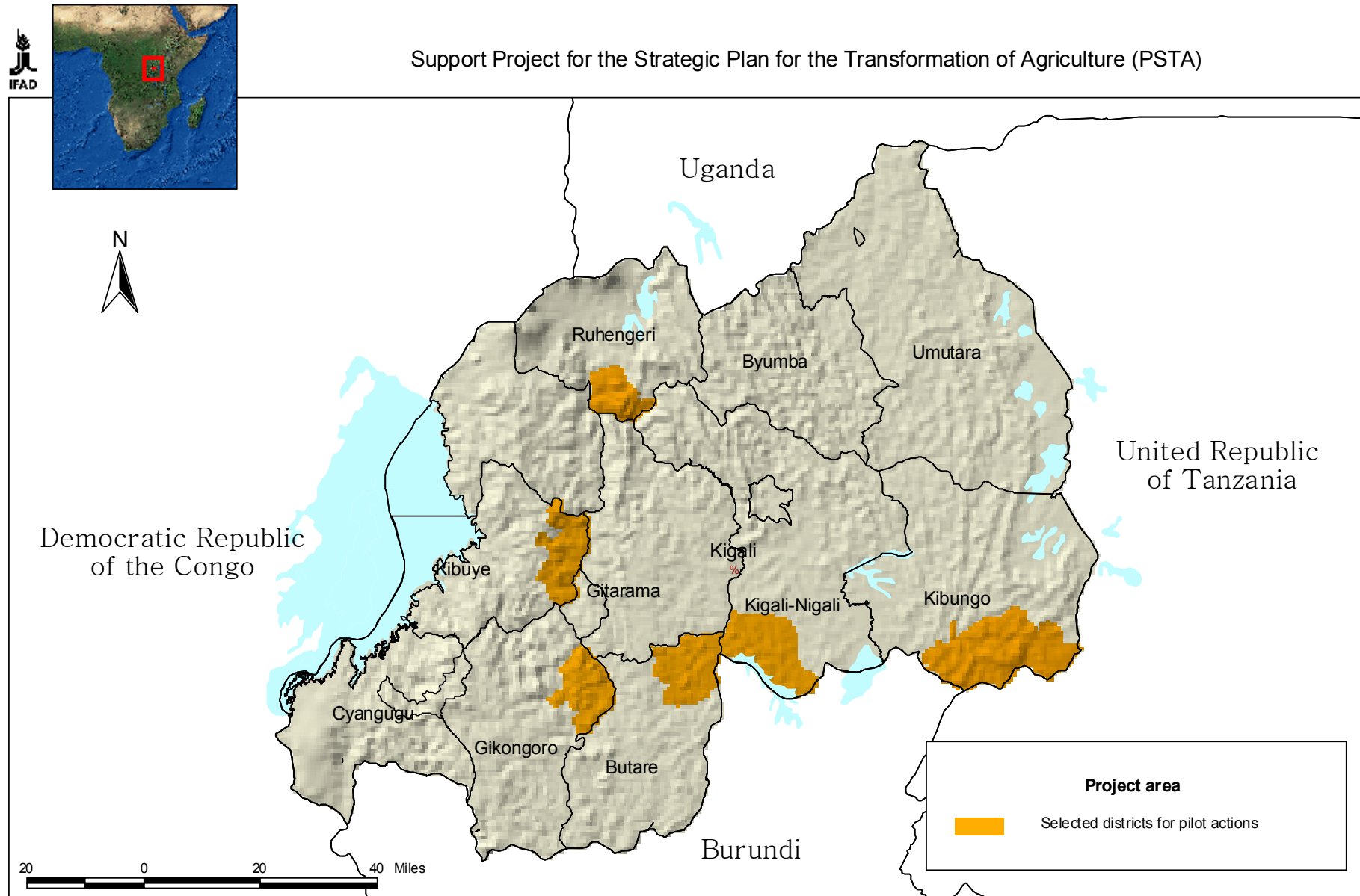
ABBREVIATIONS AND ACRONYMS

M&E	monitoring and evaluation
MINAGRI	Ministry of Agriculture
MIS	management information system
MTR	mid-term review
PSTA	Plan Stratégique de Transformation de l'Agriculture (Strategic Plan for the Transformation of Agriculture)
SWAp	sector-wide approach

GOVERNMENT OF THE REPUBLIC OF RWANDA
Fiscal Year

1 January – 31 December

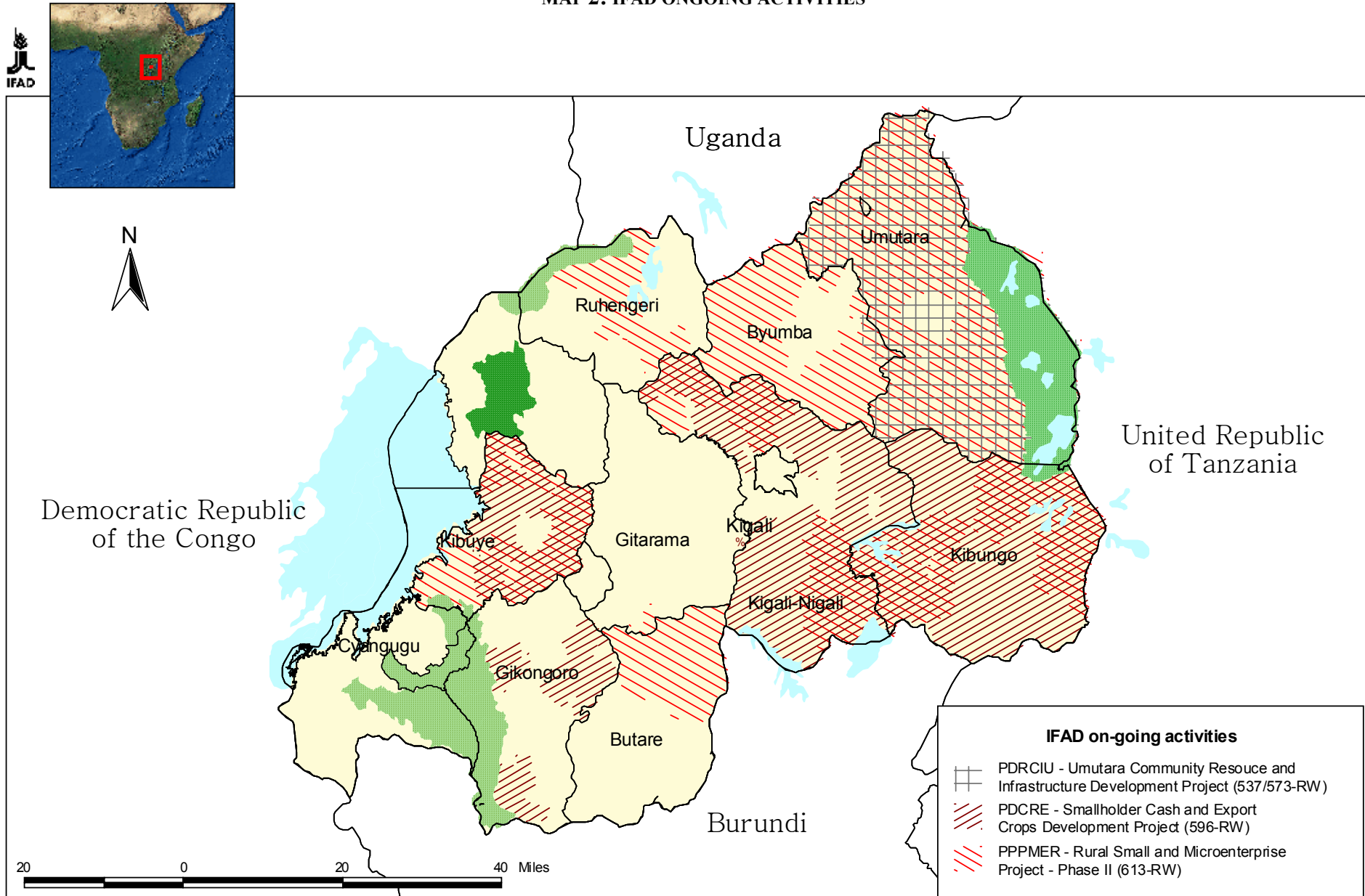
MAP 1: PROJECT AREA



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

MAP 2: IFAD ONGOING ACTIVITIES



Source: IFAD

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REPUBLIC OF RWANDA

**SUPPORT PROJECT FOR THE STRATEGIC PLAN
FOR THE TRANSFORMATION OF AGRICULTURE (PSTA)**

FINANCING SUMMARY

INITIATING INSTITUTION:	IFAD
RECIPIENT:	Republic of Rwanda
EXECUTING AGENCY:	Ministry of Agriculture
TOTAL PROJECT COST:	USD 20.13 million
AMOUNT OF IFAD FINANCING:	Loan: SDR 5.65 million (equivalent to approximately USD 8.21 million) Grant: SDR 140 000 (equivalent to approximately USD 200 000)
TERMS OF IFAD LOAN:	40 years including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIERS:	Department for International Development (DFID) (United Kingdom) Netherlands Belgium Survival Fund (BSF)
AMOUNT OF COFINANCING:	DFID: USD 2.95 million Netherlands: USD 4.82 million BSF: USD 1.55 million
TERMS OF COFINANCING:	Grants
CONTRIBUTION OF RECIPIENT:	USD 1.32 million
CONTRIBUTION OF BENEFICIARIES:	USD 1.08 million
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services

PROJECT BRIEF

The project. The objective of this seven-year project is to contribute to rural poverty reduction and food security improvement through coordinated implementation of Rwanda's Strategic Plan for the Transformation of Agriculture (PSTA). The project objectives are consistent with the Government's strategic frameworks elaborated in the National Vision 2020 and the poverty reduction strategy paper for the sector, aimed at poverty reduction and modernizing agriculture. As a critical instrument for the Ministry of Agriculture (MINAGRI), the project will strengthen the capacity of key stakeholders to implement agricultural development plans in potential growth areas within the PSTA framework. The project is designed with two technical components: (i) institutional support and capacity-building of the agricultural sector and strengthening of rural community organizations; and (ii) pilot actions, using innovative models for watershed protection, livestock and milk production, marshland development and rice production, and also for promoting a participatory research and extension system.

Who are the beneficiaries? The first component has national coverage, while the second component is geographically targeted. Accordingly, pilot actions will be tested in six sites, selected from MINAGRI's PSTA database, which correspond to Rwanda's major agro-ecological zones. An estimated 1 000 households per site are to be directly targeted and the project will reach a total of about 40 000 people. The main project beneficiaries are: (i) the rural poor; (ii) farmers' groups and associations; (iii) provincial and district structures dealing with agriculture; and (iv) central government institutions (MINAGRI). If successful, the pilot actions will be replicated across the country, benefiting about 76 000 rural inhabitants (this figure could rise to 100 000, depending on the efficiency of the scaling up of the pilot actions).

Why are they poor? Agriculture in Rwanda is mostly based on subsistence farming, carried out on small plots (averaging 0.6 hectares per household) located on steep slopes, with virtually no protection against erosion. Cropping practices are rudimentary and traditional, and carried out without cash input. The small size of the farms is also the result of frequent land fragmentation caused by increasing population pressure on arable land. Rwanda has one of the highest population densities in Africa (with an average of 340 habitants per square kilometre). Agricultural productivity is extremely low because of the weak agricultural research system, soil fertility problems and inadequate technical and management capacity both at the government level and at the rural organizational level.

What will the project do for them? The project will: (i) strengthen the institutional, organizational and technical capacity of the main stakeholders responsible for the implementation of the agricultural development framework; (ii) undertake innovative pilot actions consisting of watershed protection, livestock and crop development, and intensification of rice production in marshland to increase the income of the target group and improve their nutrition; and (iii) develop a management information system and communications system, and strengthen the participatory monitoring and evaluation system to accelerate dissemination and adoption of improved technologies by poor farmers. In addition, the project will help decentralize all decision-making powers to the districts and to the grass-roots level to ensure that the developmental actions are based on the needs and priorities of rural people.

How will beneficiaries participate in the project? Farmers' associations will be at the centre of project implementation, as they will have the main responsibility for planning and implementing technical innovations. The project will focus on knowledge-sharing and dissemination. It will complement the ongoing decentralization process and ensure that vulnerable groups, especially orphans, woman-headed households and HIV-affected families are targeted. Community-based innovation centres will be co-managed by elected community development committees and farmers' associations.

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON PROPOSED FINANCIAL ASSISTANCE TO THE
REPUBLIC OF RWANDA
FOR THE
SUPPORT PROJECT FOR THE STRATEGIC PLAN FOR THE TRANSFORMATION
OF AGRICULTURE (PSTA)**

I submit the following report and recommendation on proposed financial assistance to the Republic of Rwanda comprising a loan for SDR 5.65 million (equivalent to approximately USD 8.21 million) on highly concessional terms, and a grant for SDR 140 000 (equivalent to approximately USD 200 000) to help finance the Support Project for the Strategic Plan for the Transformation of Agriculture (PSTA). The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the United Nations Office for Project Services as IFAD's cooperating institution.

PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. Rwanda is a landlocked, resource-poor and overpopulated country, with a population of 8.4 million and a land area of 25 000 square kilometres (km²). With an average of 340 habitants/km², which is growing at the rate of 2.8%, Rwanda is among the most densely populated countries in Africa. This exerts considerable pressure on the 14 000 km² (1.4 million hectares [ha]) of arable land. Over the last three decades, the country had been frequently devastated by civil wars and ethnic cleansing, including the genocide of 1994, **which resulted in the death of one million people**. Many of the country's social, economic and political structures were destroyed during this period, as well as its human resource base and institutional capacity. Since then, the situation has almost returned to normal with the restoration of peace, the return of refugees and the undertaking of prudent and liberalized economic policies and programmes with the assistance of international donors. As a result, the economy has registered an unprecedented upturn and achieved an annual average GDP growth rate of 7.7% during 1998-2002, with the main contributions coming from the agriculture and manufacturing sectors. The growth rate subsequently slowed to 0.3% in 2003 and to about 4.0% in 2004 primarily as a result of adverse weather conditions and unfavourable terms of trade for agricultural produce such as coffee and tea in international markets. The Government is committed to containing inflation and building up of its foreign exchange reserves. Despite such progress, Rwanda remains one of the heavily indebted countries and became a major beneficiary under the Debt Initiative for Heavily Indebted Poor Countries, which effectively reduced its nominal debt stock to USD 585 million. It also suffers from continuous current account imbalances, and had a deficit of minus USD 341 million in 2002.

2. Agriculture is the backbone of the economy, contributing about 42% of total GDP, 80% of total foreign exchange earnings and providing the main source of livelihoods for 90% of the population. The production systems are characterized by small farms with an average holding of 0.6 ha. Small farmers use traditional but complex farming systems with no cash inputs and grow mainly rainfed grains, root crops, bananas and some vegetables. About 13% of the arable land is devoted to perennial

¹ See Appendix I for additional information.

export crops, mostly coffee, tea and some pyrethrum. Two-thirds of food-crop production is for self-consumption, and only 14% of beans and 20% of sweet potatoes (the two main food crops) are marketed, providing farmers with some cash income. Agriculture sector production does not meet the country's nutritional needs (providing about 87% of calories, 70% of proteins and 22% of lipids); and in rural areas 45% of children are suffering from chronic malnutrition. Most family farms own one or two heads of livestock (local breed); this meets 39% of the household milk requirement and 86% of the meat requirement.

3. Agricultural development is, therefore, critical for accelerating growth, creating employment opportunities and reducing poverty. While the agricultural sector shows promise, it is generally constrained by the following factors: (i) most of the crops are grown on marginal lands and on steep mountain slopes that are susceptible to periodic soil erosion, land degradation and frequent floods; (ii) production and productivity of agricultural land are extremely low due to lack of inputs and technology and the inappropriate use of crop husbandry practices; and (iii) the existing grass-roots farmers' organizations, civil society institutions and decentralized governmental bodies are too weak in terms of human, technical and organizational capacity to provide any tangible assistance to farmers in harnessing potential gains from available agricultural resources.

B. Lessons Learned from Previous IFAD Experience

4. IFAD's total assistance to Rwanda since 1981 amounts to over USD 112 million for 11 development projects. This assistance can be divided into three phases based on orientation and type: (i) the **first phase** of IFAD's assistance consisted of three projects implemented prior to the civil war, which were mainly focused on improving subsistence agriculture, marketing of agricultural produce and community development initiatives; (ii) the **second phase** started immediately after the genocide and emphasized reconstruction and rehabilitation of basic rural infrastructure, livelihood systems and the reconciliation of the post-conflict situation; and (iii) the **third phase of assistance** includes the present project. The design of most third-phase projects and programmes is informed by new-generation ideas based on thematic and sector-wide approaches where priority is given to diversifying agriculture into the production of cash and export crops, creating alternative employment opportunities and increasing capitalization of farming through land consolidation and investment in improved technologies. At present, three projects are under implementation funded by four loans with total financial assistance amounting to USD 60.0 million, of which USD 1.0 million is in grants.

5. The experiences from these three phases are wide-ranging, reflecting the specific characteristics of each phase, although there are some common elements. In 2004, a detailed review of IFAD's portfolio was undertaken by the Central Project and External Finance Bureau of the Ministry of Finance and Economic Planning with the objectives of assessing the benefits and main lessons, and the experiences to be replicated or avoided in future IFAD operations in the country. Representatives of key donors, NGOs and decentralized administrations also participated in this review exercise as part of a learning process and to share their own experiences, knowledge and insights to allow coordinated, pragmatic and concentrated action to be taken in relation to the development of future IFAD projects/programmes and donor financing.

6. The main findings and recommendations of the review mission were that: (i) project design should include specific approaches to address the needs and priorities of the poorest groups and ensure that they can actively participate in and benefit from project activities and resources; (ii) capacity-building of stakeholders is an essential activity in all projects, which should be facilitated through the preparation of clear strategies and guidelines; (iii) project coordination units have insufficient management capacity and no clear accountability to project stakeholders. This needs to be addressed through capacity-building, technical assistance and training; (iv) any new or innovative action should bring tangible financial benefits to the target groups, including the most vulnerable segment of the population; (v) the Government's present financial management system needs to be gradually

reoriented and strengthened to ensure an efficient flow of funds from the project to the decentralized districts; and (vi) all project/programme design should provide a clear exit strategy and establish a participatory monitoring and evaluation system.

C. IFAD's Strategy for Collaboration with Rwanda

7. **Rwanda's policy for poverty eradication** is guided by the long-term strategic development framework included in the National Vision 2020, the poverty reduction strategy paper (PRSP) and the recently formulated PSTA. Although these were prepared at different times in response to the needs of the Government, all have prescribed, more or less, a common, coherent and logical framework and operational action, emphasizing the need for: (i) rural development and agricultural transformation; (ii) private-sector growth; (iii) strengthening economic infrastructure; (iv) human development and institutional capacity-building; (v) good governance; and (vi) national reconciliation. Within these broad strategic guidelines, the main objective of the Government is to realize the United Nations Millennium Development Goals by: (i) bringing about a significant improvement in the livelihoods of the rural poor through land consolidation and creating 1.4 million additional jobs in the secondary and tertiary sector; (ii) reducing the percentage of people living below the poverty line to 30% as against the 2000 figure of 62%; and (iii) raising the per capita income to USD 1 000 by 2020. These improvements would depend, to a large extent, on the development and transformation of the agricultural sector, the creation of employment opportunities in the non-agricultural sector, and the expansion of the formal and informal sectors.

8. **Poverty eradication activities of major donors.** All external donors in Rwanda have expressed their commitment to the basic principles discussed above (paragraph 7) and have indicated their full support and cooperation. For the agriculture sector, the implementation of the PSTA would be the main instrument for translating the strategic vision into reality. Recently all donors agreed to harmonize their development activities within the sector, decentralizing implementation arrangements so that beneficiaries can actively participate in the development process. The transition from a project to a programme approach is under way and will lead in the coming years to the development of a sector-wide approach (SWAp) for agriculture. Coordinated donor support includes assistance from multilateral institutions such as the African Development Bank, the Arab Bank for the Economic Development of Africa, the European Union, IFAD and the World Bank, as well as the Netherlands, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland, and the United States of America. Total development assistance to Rwanda amounts to USD 300 million annually.

9. **IFAD's strategy in Rwanda.** IFAD's strategic orientation and vision for Rwanda reflects the Government's priorities as indicated in the National Vision 2020, PRSP and PSTA, and IFAD's country strategic opportunities paper (COSOP). The COSOP contains three strategic thrusts for IFAD's future interventions, namely: (i) emphasis on institutional development to empower the organizations of the target group and enhance their role; (ii) exploitation of all potential means for increasing the income of the rural poor from both agricultural and non-farm activities; and (iii) sharpening the focus on potential synergies among different IFAD projects presently ongoing in the country. This is being achieved through IFAD's involvement, along with other donors, in the formulation of the PSTA, which, inter alia, emphasizes poverty reduction, devolution of power to decentralized administration, empowerment and capacity-building at all levels.

10. **Project rationale.** The Government of Rwanda is fully committed to this overall strategic framework for poverty eradication. However, for it to be effective, the Government needs to give it priority and meet the major challenges involved in transforming the agriculture sector, empowering the poor and strengthening institutional and human capacity in both the public and the private sector. The eradication of poverty and revitalizing of rural and agricultural development require a holistic approach with built-in mechanisms to harness the potential gains that can be made from the country's natural resource endowments, such an approach should also minimize the risks, internal and external,

inherent in the present system. The formulation of the PSTA has provided a framework for such action, as it is forward-looking and pragmatic, and encompasses the critical elements of the country development spectrum: agriculture, livestock, grass-roots organizations, public- and private-sector institutions, governance and regulation. This in-field learning project for sectoral policy development is linked to the SWAp methodology supported by IFAD (the Executive Board recently approved the IFAD Policy on Sector-Wide Approaches for Agriculture and Rural Development) and its highly innovative features relate to IFAD's Initiative for Mainstreaming Innovation (IMI).

11. The project design, which is a collective effort by the stakeholders (the Government, beneficiaries and donors), will provide an opportunity for IFAD and its development partners (such as the Belgian Survival Fund, the Department for International Development of the United Kingdom of Great Britain and Northern Ireland and the Netherlands) to help the country address the major development constraints and challenges identified within the PSTA. The project will assist the Ministry of Agriculture (MINAGRI) in managing the four priority action programmes of the PSTA: (i) intensification and development of sustainable agricultural production systems; (ii) technical and professional strengthening of grass-roots farmers' organizations; (iii) promotion of agribusiness and adding value through commodity chains by establishing market linkages and appropriate pricing and policy incentives; and (iv) institutional development of the public and private sector, primarily relating to agriculture and rural development. The project will build on support already provided by IFAD under a country grant in 2005 (733-RW, document EB 2004/83/R.38/Rev.1), which was aimed at initiating the institutional development process.

PART II – THE PROJECT

A. Project Area and Target Group

12. While the institutional component of the project will be national in scope, providing support and making an impact across the entire agricultural sector, the main developmental pilot actions and technical innovations will be first implemented in six selected pilot watersheds in six districts (Budaha, Bukonya, Karaba, Ngenda, Nyamure and Rusumo) representing major **agro-ecological zones** of the country, subsequently to be extended to a total of 11 such zones. The pilot actions will also be replicated in other watersheds based on positive experiences gained during implementation and on requests put forward by the community. The specific criteria used in selecting the project sites are that they: (i) are food insecure, and contain a **high level of poverty** and a large number of disadvantaged people; (ii) are experiencing acute and **persistent land degradation** for various ecological reasons; (iii) have high growth **potential** so that the pilot interventions can have a discernible positive impact and make a fundamental difference to the physical environment and the socio-economic conditions of the target group; (iv) offer the possibility of complementarity with other donor interventions; and (v) are both **accessible and high profile** so that benefits of the pilot actions are visible and can be easily disseminated and replicated.

13. The project beneficiaries are the poorest segment of the rural population, mostly living below the poverty line with limited access to health and sanitation facilities; of this group 18% have only one meal a day. Project design is, however, broad and aims to cover a spectrum of needs, specifically those of: (i) the rural poor, including woman-headed households in the selected sites;² (ii) existing and new farmers' associations and their federations; (iii) the administrative and coordinating central, provincial and district bodies in charge of agriculture and the implementation of local development plans; and (iv) the major service-providers of the project including MINAGRI's semi-autonomous bodies, NGOs,

² In allocating project resources, priority targets will be poor communities who adhere to the basic principles of the project. Vulnerable groups (such as woman-headed households, youth, the landless, orphans and HIV/AIDS-affected families) will be specifically targeted.

the private sector and other stakeholders involved in the project. It is estimated that the project will benefit about 76 000 rural people mainly through the pilot actions, community innovation components and other related activities. Within the project, specific attention will be given to woman-headed households, youth and families affected by HIV/AIDs and civil war.

B. Objectives and Scope

14. The overall objective of the project is to contribute to the poverty reduction process in Rwanda by providing concentrated and collaborative implementation support to the PSTA, which aims to transform the current practice of subsistence farming into market-oriented agriculture, increasing opportunities for growing cash crops, while ensuring food security and preserving the existing resource base. This will be achieved by:

- (a) strengthening the technical, managerial and institutional capacity of the major stakeholders (farmers' organizations, government and decentralized district administrations, civil society organizations, the private sector and NGOs) associated with PSTA implementation, to improve their performance in delivering priority services to the target group;
- (b) undertaking innovative agricultural pilot action programmes consisting of watershed protection, livestock development, crop production in marshland and strengthening of the research and extension system. These programmes can then be replicated on a larger scale to make substantial contributions to raising farmers' incomes and diversifying current agricultural operations; and
- (c) improving the overall management information system (MIS) and the communications system and strengthening the participatory monitoring and evaluation system to accelerate dissemination and adoption of farm technologies as well as enable the stakeholders to take corrective action based on periodic monitoring results.

C. Components

15. The project will have three components, to be implemented within the logical framework with appropriate sequencing. Initial activities will mainly be devoted to institutional strengthening of the agricultural sector, implementation of pilot actions and the articulation of conducive policies. This will help start the replication of successful innovations on a sound footing based on experiences gained during the experimental phase. Activities will be undertaken using a flexible approach that will permit necessary adjustments to be made to the project activities during implementation. The main project components are: (i) institutional support for the agricultural sector; (ii) pilot actions through innovative models; and (iii) project coordination and management.

Component 1: Institutional Support for the Agricultural Sector (base cost USD 6.55 million)

16. This component is made up of three subcomponents, namely: (i) PSTA coordination support; (ii) capacity-building at the decentralized level; and (iii) support to the MIS and communications system. The activities have been identified in response to the urgent need by the Government to enhance MINAGRI's capacity to achieve the objectives set for agricultural transformation under the PSTA. They are also intended to build the capacity of the decentralized stakeholders to implement project activities effectively and exchange the information and knowledge required to replicate pilot actions under component (2).

17. **PSTA coordination support.** Necessary technical assistance and support services will be provided to MINAGRI to: (i) coordinate, implement and monitor its recently approved Functional Assessment and Change Management Programme and policies (e.g. on decentralization, community

development and civil service reform); (ii) strengthen the capacity of the PSTA Secretariat to enable it to coordinate delivery and implementation of the four PSTA programmes (36 man-months); (iii) support establishment of an integrated financial management system; and (iv) help formulate a SWAp-based PSTA II programme in 2007. A lead technical adviser will be provided for three years, along with other support services to ensure that the plan is carried out on schedule.

18. **Capacity-building at the decentralized level.** Under the Government's new policy, all activities relating to planning, mobilization and implementation will be undertaken with the help of decentralized administrations (at the district, sector and cell level) and grass-roots farmers' organizations. Provision will be made to strengthen these decentralized bodies as well as farmers' organizations and their federations or apex institutions through technical assistance, training and study tours. Funding will also be provided to establish community innovation centres in each pilot district, which will conduct activities to strengthen social organization such as educational and training programmes, demonstrations and exhibitions, including: (i) an outreach programme; (ii) literacy programmes; and (iii) agricultural days within project areas.

19. **Support to the MIS and communications system.** MINAGRI's present MIS and communications system are extremely weak and unable to analyse or provide the strategic information necessary to formulate strategies and policies and support the decision-making process. The project will support the recruitment of: (i) an international consultant (MIS specialist) for 12 months to be extended over three years; (ii) a national consultant (MIS specialist) for three years and a communications specialist for two years to help prepare information brochures, a PSTA web site, newsletters, and radio and television programmes to facilitate the communication of messages; and (iii) a technical consultant for nine months to formulate a work plan and budget for MIS, develop a district-level database, and prepare and test an integrated monitoring and evaluation (M&E) system.

Component 2: Pilot Actions through Innovative Models (base cost USD 10.18 million)

20. This component will help harness the full potential of agricultural and livestock production in the project area through specific pilot actions to overcome the main constraints related to soil fertility and watershed protection, livestock improvement, increasing rice production and intensifying research and extension. Activities are grouped under the five subcomponents described below.

21. **Watershed protection and hedging.** This will help address the problems of land degradation, and soil erosion and fertility through: a sustainable and productive land management system and soil-conservation measures based on the introduction of systematic hedging (for a total of 5 375 ha); and the management of biomass and anti-erosion measures, including plantation of grass and shrubs, and agroforestry on steep slopes and terraces higher than 35% (3 700 ha of progressive terraces). Provision will also be made for the systematic introduction of livestock for grazing to help land consolidation and stabilization, and soil fertility management. Farmers will also be encouraged to use manure or organic fertilizer available from livestock to increase crop yields. Partnership between farmers, extension services and researchers will be the main vehicle for sharing and adapting this technology. Adequate incentives, technical assistance and funding will be provided to establish the necessary nurseries for distribution of seedlings and planting materials, which are required for land consolidation and agroforestry.

22. **Integration of livestock into agricultural systems.** The project is designed to integrate improved animal husbandry practices into the agricultural production system. The restocking of high breed cattle, the improvement of the genetic potential of livestock and distribution of other animals will be achieved through: (i) importation of more than 1 000 pure-breed and cross-breed cows; (ii) distribution of small ruminants (3 000 sheep and goats) and 800 pigs to farmers for income-generating activities; and (iii) genetic improvement of existing cattle through the artificial insemination system and embryo transplant technique. IFAD activities of this kind have already been

extremely successful in Rwanda and Burundi and this experience will form the basis of activities under this subcomponent. The project will introduce pure-breeds and cross-breeds of Jersey, which will be distributed using a “revolving credit-in-kind system” to facilitate sustainable programme expansion. The entire system will be organized through community groups and producers’ associations, which will use appropriate eligibility criteria for selecting beneficiaries based on their physical and financial capacity to establish required facilities (such as forage and cattle sheds). At the end of the project, more than 3 000 pure-breed and cross-breed cows will be distributed and 3 000 local cows will be replaced through artificial insemination. A professional private veterinary system will be promoted at the district level and medicines for the prevention and control of livestock disease will be supplied at cost. Necessary regulatory framework will be established, and instruments and incentives will be provided for setting up small milk collection centres in concentrated livestock production areas to maximize farmers’ income.

23. **Marshland development and rice production.** The main purpose of this subcomponent is to bring additional marshlands and lowlands, which are fertile, productive and have sufficient water, under high-value crop cultivation, particularly rice cultivation (based on successful experiences in the region), to give additional income to farmers. The Government has already elaborated a master plan for marshlands and the protection of catchment areas, which indicates that a potential area of 40 000 ha could be developed by 2020. The proposed actions will help farmers and farmers’ groups to develop initially 250 ha of marshlands, on a pilot scale, using at least three alternative types of cropping practices or models such as: (i) two rice crops per year; (ii) rice and vegetables; and (iii) soyabean/maize and vegetables. If successful, a total of 7 000 rice producers will be trained for intensive replication of the programme. Adequate funds will be provided for necessary training, demonstrations, study tours, extension and other support services such as access to improved seeds and production inputs to ensure successful replication.

24. **Research development and support to agriculture intensification.** The objective is to develop an intensification model for family production systems and provide adequate extension services under the new policy based on cost effectiveness. Provision will be made for: (i) organizing farmers’ field schools, which will be supplied with appropriate technologies and other support services using pluralistic education service-providers (such as the Agricultural Research Institute of Rwanda, Rwanda Agriculture Development Authority and Rwanda Animal Resources Development Authority); (ii) improving linkages between adaptive research and extension; (iii) development of new technological models through community innovation centres and the active participation of farmers; and (iv) setting up of extension windows and demonstration centres to speed up the dissemination knowledge and information, and the subsequent replication of proven cost-effective technologies.

25. **Replication mechanisms for pilot actions.** This subcomponent will provide necessary funds to replicate and scale up successful pilot innovations in various agro-ecological zones based on the requests of the community. Provision will be made under the project to establish two investment funds to enable farmers or farmers’ groups to access the necessary financial resources for replication of pilot agricultural and other income-generating activities on a large scale. The proposed investment fund will be channelled through the community development fund of the Ministry of Local Government, whereas the fund for income-generation activities will be managed by the existing microfinance institutions following their normal banking procedures and principles. Special attention will be given to women and youth so that they can access these funds.

Component 3: Project Coordination and Management (base cost USD 2.30 million)

26. Implementation of project activities is expected to be undertaken largely through farmer groups/associations, decentralized district administrations, and contracted service-providers, including local civil society organizations. A project coordination unit (PCU) will be established within MINAGRI with key staff such as a project coordinator, M&E specialist, procurement officer and

finance officer, who will undertake day-to-day coordination, monitoring and evaluation, and financial management of project activities. Provision will be made for training, operational costs and national and international consultants to provide technical support to the PCU. The PCU will be in line with the recent agreement on international aid harmonization and after the mid-term review (MTR), its structure will reflect the increasing orientation towards a programme approach. M&E will be carried out based on active beneficiary participation using, inter alia, indicators of the Results and Impact Management System (RIMS). M&E will be closely integrated with and linked to the MIS system to be developed under the project. Staff will receive suitable training. The PCU will also develop a comprehensive knowledge-management system so that data, information and knowledge can be shared and disseminated quickly.

D. Costs and Financing

27. The project will be implemented over a period of seven years, with an MTR to be undertaken in 2008. Total project costs, including physical and price contingencies, are estimated at USD 20.13 million with the foreign exchange component of USD 5.07 million or about 25% of total project costs. Of the total costs, the IFAD loan will be about USD 8.21 million (SDR 5.65 million), and the remaining amount is expected to come from three cofinanciers: the Netherlands (USD 4.82 million); the Department for International Development (DFID) of the United Kingdom (USD 2.95 million); and the Belgian Survival Fund (BSF) (USD 1.55 million). With regard to the latter contribution, BSF negotiations are under way for the cofinancing of the community innovation centres and a nutritional programme. The Government's contribution is estimated at USD 1.32 million, mainly in the form of forgone taxes and duties, whereas a contribution of USD 1.08 million, mostly in kind, will come from the beneficiaries. IFAD will also provide a grant of USD 0.20 million. The IFAD grant will finance specific training and technical assistance to enhance government capacity in undertaking impact assessment of ongoing reforms and capacity-building of local officials to monitor and evaluate the PSTA. The project's financing package is designed in close consultation with the donors to meet their processing schedules. Cost estimates of the project are summarized in Table 1 and the financing plan in Table 2.

Table 1: Summary of Project Costs^a
(USD '000)

Component	Local	Foreign	Total	% of Foreign Exchange	% of Base Cost
A. Institutional support					
PSTA coordination	1 199.9	1 524.2	2 724.1	56	14
Support at the decentralized level	1 654.0	378.6	2 032.5	19	11
Farmers' apex associations	661.2	72.6	733.9	10	4
Management information system	451.1	605.7	1 056.8	57	6
Subtotal	3 966.2	2 581.1	6 547.3	39	34
B. Pilot actions					
Watershed protection	1 312.7	204.0	1 516.7	13	8
Livestock integration	1 505.4	1 080.5	2 585.9	42	14
Marshland development	1 134.3	-	1 134.3	-	6
Research development	609.0	-	609.0	-	3
Replication of pilot actions	4 340.0	-	4 340.0	-	23
Subtotal	8 901.3	1 284.5	10 185.9	13	54
C. Project management					
Total base cost	14 208.1	4 822.6	19 030.7	25	100
Physical contingencies	342.5	72.4	415.0	17	2
Price contingencies	499.0	180.3	679.3	27	4
Total project cost	15 049.6	5 075.4	20 125.0	25	106

^a Discrepancies in totals are due to rounding.

Table 2: Financing Plan^a
(USD '000)

Component	IFAD		IFAD Grant		Netherlands		DFID		BSF		Beneficiaries		Government		Total		For. Exch.	Total (Excl. Taxes)	Duties and Taxes	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%				
A. Institutional support																				
PSTA coordination	-	-	47	1.6	633	22.0	1 999	69.6	-	-	-	-	195	6.8	2 872	14.3	1 601	1 077	195	
Support at the decentralized level	219	9.6	-	-	219	9.6	-	-	1 545	67.8	-	-	295	12.9	2 277	11.3	414	1 569	295	
Farmers' apex associations	328	42.0	-	-	328	42.0	-	-	-	-	-	-	125	16.0	780	3.9	75	580	125	
Management Information System	23	2.1	-	-	-	-	950	84.1	-	-	-	-	155	13.8	1 129	5.6	641	332	155	
Subtotal	570	8.1	47	0.7	1 179	16.7	2 949	41.8	1 545	21.9	-	-	770	10.9	7 059	35.1	2 731	3 558	770	
B. Pilot actions																				
Watershed protection	507	31.2	-	-	837	51.5	-	-	-	-	205	12.6	77	4.7	1 626	8.1	208	1 341	77	
Livestock integration	877	31.9	-	-	1 207	44.0	-	-	-	-	457	16.6	204	7.4	2 745	13.6	1 137	1 457	152	
Marshland development	790	63.5	-	-	-	-	-	-	-	-	416	33.4	39	3.2	1 246	6.2	-	1 206	39	
Research development	643	100.0	-	-	-	-	-	-	-	-	-	-	-	-	643	3.2	-	643	-	
Replication of pilot actions	2 740	63.1	-	-	1 600	36.9	-	-	-	-	-	-	-	-	4 340	21.6	-	4 340	-	
Subtotal	5 557	52.4	-	-	3 644	34.4	-	-	-	-	1 077	10.2	321	3.0	10 600	52.7	1 344	8 987	268	
C. Project management	2 080	84.3	155	6.3	-	-	-	-	-	-	-	-	231	9.4	2 466	12.3	1 000	1 236	231	
Total project costs	8 208	40.8	202	1.0	4 824	24.0	2 949	14.7	1 545	7.7	1 077	5.4	1 321	6.6	20 125	100.0	5 075	13 781	1 269	

^a Discrepancies in totals are due to rounding.

E. Procurement, Disbursement, Accounts and Audit

28. Procurement of goods and services will be undertaken in accordance with government procedures to the extent that they are compatible with IFAD's current procurement guidelines. The annual work plan and budget will include a procurement plan and a schedule detailing goods and services to be procured.

29. The loan proceeds will be disbursed over seven years. To facilitate project implementation, a United States dollar-denominated special account will be opened and operated in a commercial bank acceptable to IFAD. Withdrawals from the IFAD loan account will be made in accordance with IFAD disbursement procedures, using certified statements of expenditure as agreed by the borrower, IFAD and the cooperating institution. A central project account in Rwandan francs will be opened to receive the Government's counterpart contribution. All project accounts will be subject to an independent annual audit conforming to IFAD guidelines.

F. Organization and Management

30. Most of the project component activities will be carried out at the decentralized level with active participation by farmers' groups and associations, who will be assisted by outsourced private-sector contractors, NGOs or other competent actors designated as lead/partner agencies. The Government's responsibilities will principally involve planning, regulation, technical supervision and monitoring. Pilot actions will be locally managed by an operational committee composed of a limited number of members representing farmers and vulnerable groups as well as the community development committees of the sectors and districts. These committees will be supported by locally recruited project staff and various service-providers.

31. Two steering committees will be established: (i) at the national level by MINAGRI to provide major policy guidance to the project, and to examine and approve annual work plans and budgets and review annual monitoring and evaluation reports; and (ii) at the district level by local authorities. In Rwanda, regular consultative meetings between the Government and donors are organized in sectoral cluster groups, as a part of the donor coordination initiative. The Rural Development Cluster is the key sectoral group responsible for monitoring and reviewing the progress of the PSTA and developing the future SWAp for agriculture. This consultative forum will help in: (i) strengthening coordination and coherence of approaches and methodologies; (ii) seeking additional complementary funding from donors interested in rural development; and (iii) assuring the complementarity of proposed activities. IFAD is an integral part of this committee. As the project will be dealing with various innovations and policy development, its design has been kept fully flexible so that necessary changes and modifications can be made at the MTR planned in 2008. These changes will integrate the move toward the programme approach and will take into consideration the new orientation of PSTA II.

G. Monitoring and Evaluation

32. The project monitoring system will be harmonized and gradually integrated into the M&E and MIS systems that will be developed within the MINAGRI. The project's MTR will be carried out at the end of the third year. It will be conducted in a participatory way with the involvement of all project financiers. The MTR will in particular address the issue of moving from a project approach to a SWAp.

H. Economic Justification

33. **Benefits.** The PSTA has been developed to provide opportunities for strengthening synergy and complementarity with other interventions in the sector, which are supported by government programmes with resources from development partners. The strategic plan builds on what has already

been achieved and aims to prevent duplication of efforts and ensure an efficient use of resources. The proposed project will benefit the institutions involved in project activities by strengthening their capacities and by improving their capability to meet the objective of increased production and income within the context of the Millennium Development Goals. It will enhance community participation in agricultural development, and in the planning and sustainability of programmes and will raise productive capacity and incomes to improve the socio-economic conditions of the community (e.g. in terms of education, environment and nutrition).

34. **Beneficiaries.** Primary project beneficiaries are community members whose access to physical and financial resources in the agricultural sector is limited. Specific efforts will be made through specific targeting instruments, incentives and initiatives to ensure that the most vulnerable groups in the community, particularly women, youth, orphans, the landless, and people affected by HIV/AIDS benefit from the project.

35. A total of 76 000 people will benefit from the project (this could rise to 100 000, depending on the efficiency of the scaling up of the pilot actions), as a result of improved soil fertility, land protection and increased outputs obtained from milk, rice, vegetable production and livestock-raising. The internal rate of return for the whole project has been estimated at 15% whereas the rate of return for the pilot activities is much higher, estimated at 26%, showing relatively good returns to the small farmers.

I. Risks

36. The following potential risks could compromise project performance:

- (a) Achieving full adherence by the community to the holistic watershed basin approach could pose initial problems. However, every effort will be made to achieve full consensus among farmers' groups during participatory diagnostic meetings.
- (b) The availability of competent service-providers at the local level can be a problem. However, an inventory of existing service-providers has shown that this risk can be minimized through a careful selection process and advance planning. Contractors for the main subcomponents have already been identified.
- (c) Achieving the effective involvement of the beneficiaries in the planned development works (anti-erosion works, agroforestry and marshland development) may be problematic. This will be addressed by empowering the groups concerned so that they have a sense of ownership and control over the project activities.
- (d) Limited coordination between central administrative structures and the districts, and between other programmes/projects may be a constraint. This should be mitigated by preparatory work during the facilitation phase, a comprehensive workshop at project start-up and other activities to help stakeholders familiarize themselves with important aspects of the project. During the first few months, the project will focus on sensitizing and improving the preparedness of all partners.

J. Environmental Impact

37. The project is not expected to have a negative impact on the environment. On the contrary, the proposed introduction of innovative technologies aims to halt, or even reverse land degradation and improve the efficiency of the use of water resources. An environmental impact assessment was carried out during appraisal based on IFAD standards, which classified the project as "B".

K. Innovative Features

38. This project will have the following innovative features: (i) support to the Government's effort to develop clear mechanisms for a SWAp for the agriculture sector that aims to achieve an impact at the local level, (ii) introduction of new technologies for soil protection through the system of *embocagement* (hedging) and an intensive rice production system, which if successful, will provide new opportunities for increasing production; (iii) genetic improvement of livestock through artificial insemination and embryo transfer techniques will enable the farmers to obtain additional cash income; (iv) the creation of community innovation centres (at the sector level) will play a substantive role in transferring knowledge and scaling up the successes of the pilot actions; and (v) the development of a new system of extension services based on farmer field schools, outsourcing and the tripartite partnership between the farmers, extension services and agricultural research institutions will allow the farmers to own, operate and manage the process with the active participation of partners. These innovations will help in developing necessary synergies and will boost agricultural production.

PART III – LEGAL INSTRUMENTS AND AUTHORITY

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

40. The Republic of Rwanda is empowered under its laws to borrow from IFAD.

41. I am satisfied that the proposed financial assistance will comply with the Agreement Establishing IFAD.

PART IV – RECOMMENDATION

42. 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 Republic of Rwanda in various currencies in an amount equivalent to five million six hundred and fifty thousand special drawing rights (SDR 5 650 000) to mature on or prior to 15 June 2045 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Rwanda in various currencies in an amount equivalent to 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 21 July 2005)

1. The Government will make the loan and grant proceeds available to the project coordination unit (PCU) in accordance with the annual workplans and budgets (AWP/Bs) and customary national procedures for development assistance to carry out the project.
2. The Government will also make available to the PCU, during the implementation period and as counterpart funding, a total amount of USD 1 321 000 representing all duties, taxes and levies on locally procured goods and services necessary for the project, not including customs duties on imported goods covered by exemption. At the request of the PCU and in accordance with the respective AWP/B, the Government will make an initial deposit of USD 20 000 in the project account to cover the needs of the first year of the project. The project account will be replenished regularly by the Government in accordance with the respective AWP/Bs. The counterpart funds will be included in the public investment programme.
3. As part of maintaining sound environmental practices, the Government will ensure that appropriate pest management measures are taken under the project and, to that end, will ensure that pesticides procured under the project do not include any pesticide proscribed by the Food and Agriculture Organization of the United Nations or the World Health Organization.
4. The project will set up an M&E system that will serve as a model for the establishment of the M&E system of MINAGRI, provincial structures and districts. The objective is to track the progress of projects and programmes and to measure sustainability and environmental and socio-economic impacts against the objectives set forth in the poverty reduction strategy paper, the Millennium Development Goals and the basic principles of IFAD's Results and Impact Management System (RIMS).
5. The Government will ensure that the M&E system is under the responsibility of the PCU, which will establish the necessary linkages with the information management system to be set up at MINAGRI under component 1 of the project.
6. The Government agrees that international support in M&E will be furnished to the PCU during the first three years in the form of support missions and that M&E audits will be conducted each year to measure the performance of the project's M&E system and of the PSTA information system within MINAGRI. The audit will recommend improvements that may need to be made in those systems.
7. The Government agrees that project staff will be recruited through local calls for proposals open to qualified staff in the public, cooperative and private sectors and announced in the national press. Recruitment will be conducted with assistance from a firm specializing in human resources, observing market selection criteria and on the basis of fixed-term contracts. No discrimination of any kind will be tolerated in the recruitment of project staff. The recruitment of the main project officers – i.e. the coordinator of the PCU, the administrative and financial officer, the M&E officer, the procurement officer, the six officers in charge of pilot actions, and the pilot-action coordinator – and any decision to terminate their contracts will be decided in agreement with IFAD. Project staff will be subject to annual performance evaluations, and their contracts may be terminated on the basis of the findings of those evaluations. Support staff (secretarial staff, drivers, guards) will be recruited on the basis of competitive selection.
8. The Government will ensure that project staff are insured against health and accident risks in accordance with its customary national procedures.

9. All other things being equal, the Government will give preference to women candidates, especially for technical posts to be filled under the project.

10. The following are specified as conditions precedent to disbursement:

- (a) No withdrawal may be made in respect of any disbursement category until the Government has deposited the amount of USD 20 000 in the project account as the first payment of counterpart funds.
- (b) No withdrawal may be made before the manual of accounting, administrative and financial procedures has been prepared and submitted to IFAD.
- (c) No withdrawal may be made before the M&E manual and the project baseline situation have been prepared and submitted to IFAD.
- (d) No withdrawal may be made before the first AWP/B has been approved and the respective procurement plan has been prepared.
- (e) No withdrawal may be made until the premises for the PCU have been made available within the central offices of MINAGRI.

Once these conditions have been met, a first disbursement of USD 400 000 will be made.

11. The following are specified as conditions precedent to effectiveness:

- (a) The special account and the project account have been opened.
- (b) The coordinator of the PCU, the administrative and financial officer, the M&E officer and the procurement officer have been recruited.
- (c) The national steering committee has been set up.
- (d) A favourable legal opinion, issued by the Ministry of Justice or other authority legally vested with this power, acceptable in form and content, has been forwarded by the Government to IFAD.

APPENDIX I

COUNTRY DATA

RWANDA

Land area (km² thousand) 2003 1/	25	GNI per capita (USD) 2003 1/	220
Total population (million) 2003 1/	8.40	GDP per capita growth (annual %) 2003 1/	0.3
Population density (people per km²) 2003 1/	340	Inflation, consumer prices (annual %) 2003 1/	7
Local currency	Rwanda Franc (RWF)	Exchange rate: USD 1 =	RWF 580
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1997-2003 1/	2.8	GDP (USD million) 2003 1/	1 637
Crude birth rate (per thousand people) 2003 1/	43	Average annual rate of growth of GDP 2/ 1983-1993	0.8
Crude death rate (per thousand people) 2003 1/	22	1993-2003	7.0
Infant mortality rate (per thousand live births) 2003 1/	118	Sectoral distribution of GDP 2003 1/	
Life expectancy at birth (years) 2003 1/	40	% agriculture	42
Number of rural poor (million) (approximate) 1/	n/a	% industry	22
Poor as % of total rural population 1/	n/a	% manufacturing	11
Total labour force (million) 2003 1/	4.57	% services	36
Female labour force as % of total 2003 1/	50	Consumption 2003 1/	
Education		General government final consumption expenditure (as % of GDP)	14
School enrolment, primary (% gross) 2003 1/	122 a/	Household final consumption expenditure, etc. (as % of GDP)	85
Adult illiteracy rate (% age 15 and above) 2003 1/	31	Gross domestic savings (as % of GDP)	1
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita	n/a	Merchandise exports 2003 1/	60
Malnutrition prevalence, height for age (% of children under 5) 2003 2/	41	Merchandise imports 2003 1/	240
Malnutrition prevalence, weight for age (% of children under 5) 2003 2/	27	Balance of merchandise trade	-180
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2003 1/	6 a/	before official transfers 2003 1/	n/a
Physicians (per thousand people) 2003 1/	n/a	after official transfers 2003 1/	-192
Population using improved water sources (%) 2000 2/	41	Foreign direct investment, net 2003 1/	5
Population with access to essential drugs (%) 1999 2/	0-49	Government Finance	
Population using adequate sanitation facilities (%) 2000 2/	8	Cash surplus/deficit (as % of GDP) 2003 1/	n/a
Agriculture and Food		Total expenditure (% of GDP) 2003 1/	n/a
Food imports (% of merchandise imports) 2003 1/	12	Total external debt (USD million) 2003 1/	1 540
Fertilizer consumption (hundreds of grams per ha of arable land) 2003 1/	137 a/	Present value of debt (as % of GNI) 2003 1/	58
Food production index (1989-91=100) 2003 1/	113	Total debt service (% of exports of goods and services) 2003 1/	14
Cereal yield (kg per ha) 2003 1/	969	Lending interest rate (%) 2003 1/	n/a
Land Use		Deposit interest rate (%) 2003 1/	8
Arable land as % of land area 2003 1/	45 a/		
Forest area as % of total land area 2003 1/	12 a/		
Irrigated land as % of cropland 2003 1/	0 a/		

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

1/ World Bank, *World Development Indicators* CD ROM 2005

2/ UNDP, *Human Development Report*, 2004

PREVIOUS IFAD FINANCING IN RWANDA

Project	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Denominated Currency	Approved Loan/Grant Amount	Disbursement (as % of approved amount)
Byumba Rural Development Project	IFAD	AfDB	HC	17 Dec 81	1 Apr 83	30 Jun 90	G-I-86-RW L-I-79-RW	SDR SDR	920 000 9 080 000	100 99
Birunga Maize Project	IFAD	World Bank: IDA	HC	11 Sep 84	9 Oct 85	31 Dec 98	L-I-150-RW	SDR	3 750 000	87
Gikongoro Agricultural Development Project	IFAD	World Bank: IDA	HC	30 Nov 88	22 Dec 89	30 Jun 01	G-I-528-RW L-I-232-RW	USD SDR	22 000 8 350 000	64 100
Byumba Agricultural – Phase II Development Project	IFAD	AfDB	HC	01 Oct 90	5 Nov 91	31 Dec 01	G-I-528-RW L-I-264-RW	USD SDR	22 000 6 350 000	50 76
Intensified Land Use Management Project in the Buberuka Highlands	IFAD	UNOPS	HC	02 Dec 92	23 Jul 96	30 Jun 04	L-I-314-RW	SDR	6 750 000	90
Rural Small and Micro-enterprise Promotion Project	IFAD	UNOPS	HC	17 Apr 96	2 Mar 98	31 Dec 03	L-I-411-RW	SDR	3 750 000	93
Rwanda Returnees Rahabilitation Programme	IFAD	UNOPS	G	11 Sep 97	24 Oct 97	30 Jun 01	G-I-377-RW G-I-528-RW	SDR USD	2 100 000 22 000	97 64
Umutara Community Resource and Infrastructure Development Project	IFAD	UNOPS	HC	04 May 00	5 Dec 00	30 Jun 11	G-I-45-RW G-I-96-RW L-I-537-RW	USD USD SDR	100 000 100 000 11 850 000	97 91 45
Umutara Community Resource and Infrastructure Development Twin Project	IFAD	UNOPS	HC	06 Dec 01	30 Oct 02	30 Jun 08	G-I-135-RW L-I-573-RW	USD SDR	100 000 9 400 000	29 12
Smallholder Cash and Export Crops Development Project	IFAD	UNOPS	HC	11 Dec 02	19 Sep 03	31 Mar 11	G-I-156-RW L-I-596-RW	USD SDR	100 000 12 300 000	72 15
Rural Small and Microenterprise Project – Phase II	IFAD	UNOPS	HC	11 Sep 03	15 Jun 04	31 Dec 11	L-I-613-RW	SDR	10 650 000	5

Notes: G = Grant
 HC = Highly concessional
 AfDB = African Development Bank
 UNOPS = United Nations Office for Project Services
 IDA = International Development Association

LOGICAL FRAMEWORK

Narrative Summary	Key Performance Indicators and Targets	Means of Verification	Assumptions and Risks
<p>Contribute to PRSP objective of rural poverty reduction through implementation of the PSTA</p>	<p>At the country level:</p> <ul style="list-style-type: none"> • Rate of delivery of the national investment plan (PIP) in agriculture • Evolution of RIMS basic socio-economic impact indicators (increase of assets and level of malnutrition: Millennium Development Goal 1 [MDG]) • Number of households benefiting from project outreach activities (RIMS) • Rate of improved soil capital protection <p>In project areas:</p> <ul style="list-style-type: none"> • Rate of reduction in the prevalence of extreme poverty (MDG) • Rate of reduction in level of malnutrition (among children under 5) (MDG) • Increase in the level of assets, mainly in livestock and marshland area developed • Female/male literacy ratio (MDG 3) <p>Target: 11 000 direct beneficiary households, with 20 000 additional households benefiting from outreach activities</p>	<ul style="list-style-type: none"> • Project impact surveys (baseline, mid-term, final): • Ministry of Finance reports on PIP implementation 	<ul style="list-style-type: none"> • Economic and social stability • Debt management and donor support • arbitration in favour of agriculture sector in financial allocation and global medium-term expenditure framework (MTEF) giving a better share to the sector
<p>Specific Objectives</p>			
<p>1. Strengthen institutional and professional capacities at the central, provincial and local levels in particular farmers' organizations and increase their efficiency in the implementation of PSTA priority programmes</p>	<ol style="list-style-type: none"> 1. Agriculture sector MTEF prepared and reflecting higher share of government budget allocation 2. New agencies established, adequately staffed and operational 3. PSTA II 2009-2011 elaborated 4. SWAp applied 5. Number of projects with a minimum of 90% of rate of delivery 6. Volume of project funds mobilized for local development plan implementation 	<ul style="list-style-type: none"> • Impact evaluation annual reports • MINAGRI and district reports • Portfolio Performance Report (PPR) • Agriculture surveys and statistics 	<ul style="list-style-type: none"> • Effective implementation of PSTA • Decentralization policy sustained by availability of human and financial resources at the sector and district levels • MINAGRI's gender strategy approved

Narrative Summary	Key Performance Indicators and Targets	Means of Verification	Assumptions and Risks
	7. Number of functional farmers' organizations 8. Number of HH that have improved their food security (RIMS) 9. Number of farmers reporting increased yield and production, classified by gender and by type and level of vulnerability (RIMS) 10. Number of community agricultural projects included in the CDPs and functional (RIMS) 11. Number of women on community development committees (CDCs) management committees (RIMS) 12. Number of woman-led households provided with land security 13. Number of groups with women leaders Target: Delivery of the PIP in agriculture at a satisfactory rate		
2. Validate and disseminate work methods and technical innovations that: (i) Improve links of farmers' organizations (FOs) with central and decentralized services (ii) Halt land degradation (iii) Increase production and income for rural poor (iv) Achieve household food security and improved nutrition (v) Help reduce imports of cereal	14. Number of FOs satisfied with the quality and quantity of services rendered by central and decentralized services 15. Number of hectares hedged and managed in a sustainable way (RIMS) 16. Number of farmers, by gender, adopting recommended technologies (RIMS) 17. Number of farmers reporting increase in and better quality cattle (RIMS) 18. Increase in hectares under rice, soya, maize, legume, cassava and vegetable cultivation (RIMS) 19. Incremental production of milk in the target area (RIMS) 20. Quantity of forage and manure produced per farmer 21. Number of hectares of acid soil reclaimed. Target in project area: – 7 000 ha of degraded hedged and protected	<ul style="list-style-type: none"> • Project reports • Agriculture surveys • Technical reports • Nutrition surveys • Trade statistics 	<ul style="list-style-type: none"> • Community mobilization and adherence to principles of the holistic watershed approach • Success of tests related to the intensive rice cultivation system and introduction of new species of forage trees • Service-providers with good capacity available

Narrative Summary	Key Performance Indicators and Targets	Means of Verification	Assumptions and Risks
	<ul style="list-style-type: none"> - 250 ha marshland developed - yield of paddy doubled - 4 000 genetically improved cows distributed - 5 000 local cows inseminated - 8 900 small ruminants distributed to vulnerable households - Milk production satisfying the needs of 11 000 households and providing substantial income 		
Outputs			
Component 1. Institutional support for the agricultural sector			
<p>The capacity and efficiency of MINAGRI in managing the coordination of the PSTA is increased and farmer communities are accessing required services within a new and rural poor-oriented partnership</p>	<ul style="list-style-type: none"> 22. Extension strategy based on new partnership between farmers/associations and research/extension services approved and implemented successfully 23. Number of legislative texts promulgated in favour of rural poor 24. Number of staff trained in MINAGRI and its technical agencies 25. New partnership between MINAGRI and decentralized bodies tested and operational measured by the frequency and the quality of the development reports prepared by community innovation centres (CICs) 26. Decentralized bodies able to respond to the needs of their constituents and disseminating innovations through innovation centres measured during annual participatory diagnostics and evaluations 27. Number of operational CICs 28. Number of events organized and number of participants (by gender) 	<ul style="list-style-type: none"> • Policy documents • Human resources performance evaluation reports • Contractual arrangements • Participatory diagnostic reports • Annual impact evaluation reports • Rural development Cluster reports • Minutes and reports of steering committees • CIC development reports 	

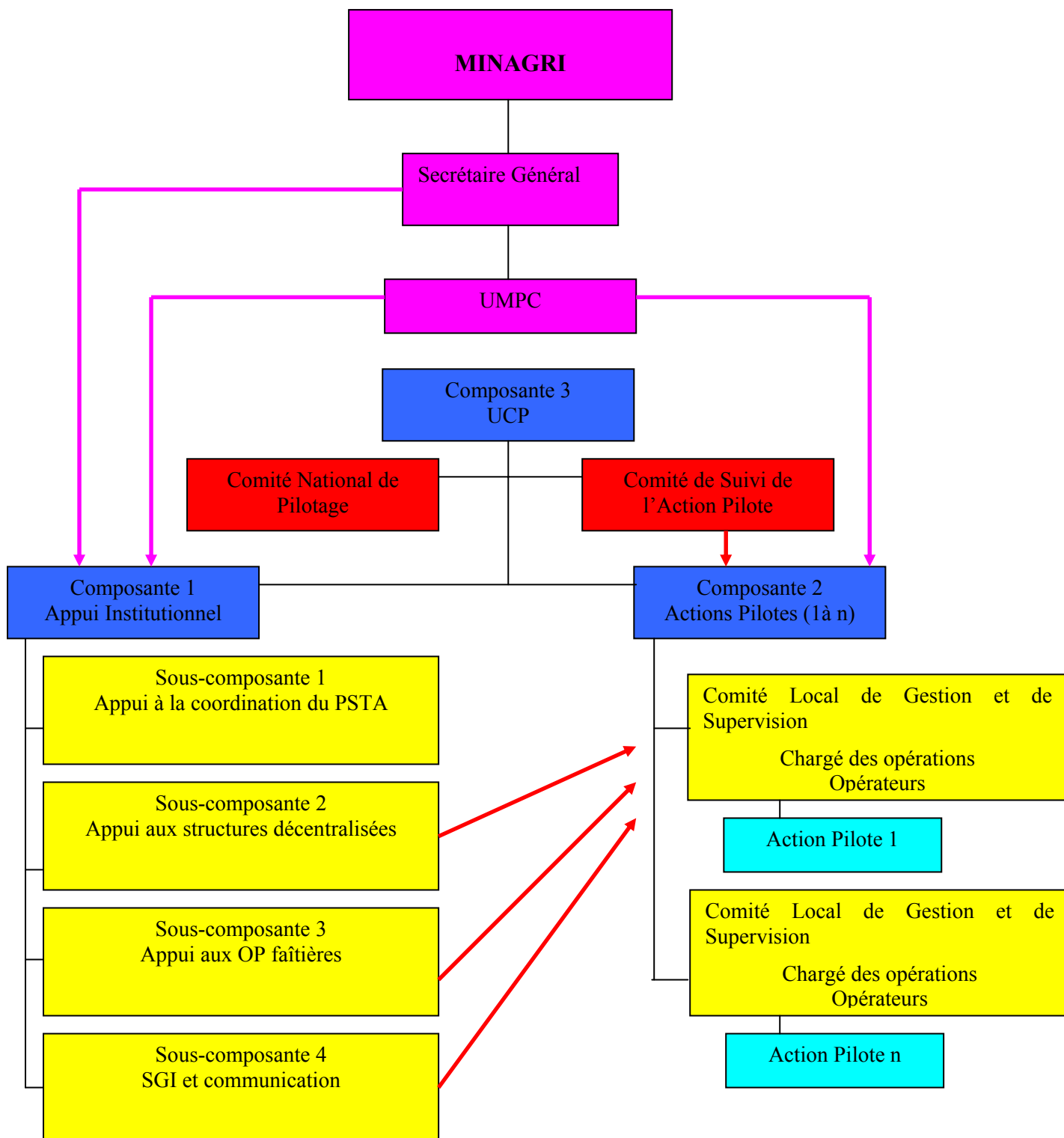
Narrative Summary	Key Performance Indicators and Targets	Means of Verification	Assumptions and Risks
	29. Number of training sessions organized by CICs 30. Number of persons trained, by gender 31. MINAGRI's financial management system harmonized and operational 32. MIS developed and tested 33. Knowledge management and communications system established and operational, measured by the number of workshops and amount of information dissemination (broadcasts, brochures, newspapers, etc.) and knowledge-sharing sessions organized by the CICs in each pilot area 34. Results of pilot actions largely disseminated and impact of innovations measured during outreach workshops and documented in steering committees reports and minutes 35. Higher participation of vulnerable groups in the decision-making process at the local level		
Component 2. Pilot actions through innovative models			
Pilot actions in six districts operational and innovative technology related to the hedging system is disseminated – New technologies adopted – Watershed basins protected and erosion reduced – Improved agricultural production systems widely adopted in target zones – Livestock development and integration of livestock in agriculture implemented – Intensification of smallholder agricultural production improved	RIMS Indicators 36. Number of persons receiving project services 37. Number of farmers trained, by gender and by theme 38. Number of hectares protected against erosion 39. Number of cross-breed cows distributed 40. Number of cows inseminated 41. Number of small ruminants and pigs distributed 42. Number of farmers producing manure 43. Number of irrigation schemes rehabilitated and number of hectares irrigated as a result 44. Number of irrigation schemes constructed and number of hectares irrigated as a result 45. Number of hectares under hillside irrigation 46. Number of water users' associations formed	<ul style="list-style-type: none"> • Participatory diagnostic and evaluation reports • Annual impact evaluation reports • Project reports • Surveys and statistics 	<ul style="list-style-type: none"> • Full adherence of communities to watershed basin holistic approach • Laws on soil protection and land tenure adopted and women and the landless allowed access to marshlands • Availability of cross-bred cows in sufficient numbers

Narrative Summary	Key Performance Indicators and Targets	Means of Verification	Assumptions and Risks
	47. Number of farmers participating in participatory research trials 48. Number of farmer field schools organized 49. Number of events attended and number of persons attending, by gender		
Component 3. Project management and coordination			
Project activities managed and coordinated in a gender-sensitive way	50. Percentage of disbursement of IFAD loan 51. Regular monitoring of project activities undertaken 52. Project staff appointed and effective 53. Service-providers selected and monitored in a participatory way 54. M&E system effective and feeding MIS and knowledge management systems		
Activities	Key Inputs	Base cost: USD 6.55 million (including an IFAD grant of USD 0.2 million)	
Activities: Component 1			
Subcomponent 1.1: PSTA coordination support			
Functional Analysis	Consultants		
Change management programme and staff training	Consultants (one international and one national) Workshops Needs assessment study Orientation and technical training for professional and support staff		
Support to policy development	High level adviser (48 man-months) Two legal experts (12 man-months) Support personnel Consultants funded from IFAD's grant		
Management of PSTA programmes	Four programme supervisors appointed for three years Support personnel Training financed from IFAD's grant		

Narrative Summary	Key Performance Indicators and Targets	Means of Verification	Assumptions and Risks
Subcomponent 1.2: Capacity-building at the decentralized level			
CDC capacity-building at the district and sector levels	Training Study tours Workshops financed from IFAD's grant		
Capacity-building of farmers' groups and associations	Needs assessment study and participatory diagnostic training sessions Study tours and site visits		
Establishment of community innovation centres and outreach activities at the local level	Construction of four centres Staffing		
Subcomponent 1.3: Support to the MIS and communications system			
Development of MIS	Consultants Equipment		
Communication and outreach development	Equipment and operating cost		
Logistics support	Support staff equipment and operation cost		
Component 2		Base cost: USD 10.18 million	
Activities: Subcomponent 2.1: Watershed protection and hedging			
Preparation of component's workplan and recruitment of service providers in all component activities	Consultants Service providers		
Community sensitization, training and preparation of workplan for six pilot zones	Service-providers Workshop Study tours		
Watershed protection works	Maps/satellite photos Technical and engineering studies		
Nurseries developed and forage trees and grass plants produced and planted	Vegetal material Fertilizers		

Narrative Summary	Key Performance Indicators and Targets	Means of Verification	Assumptions and Risks
Subcomponent 2.2: Integration of livestock into agricultural systems			
Pure-breed cows purchased and distributed	Contract with service provider Veterinary inputs		
Artificial insemination activities organized and operational	Artificial insemination kits and materials Contract with service provider		
Milk collection centre established	Construction and equipment		
Formation and training of livestock associations	Consultants Service-providers		
Subcomponent 2.3: Marshland development and rice production			
Formation and training of members of producers groups water-users associations	Service-providers Workshops Study tours		
Development of marshland irrigation schemes	Maps/satellite photos Technical and engineering studies Service-providers		
Subcomponent 2.4: Research, development and support to agriculture intensification			
Trials and demonstration fields	Service-providers Training sessions Seeds, fertilizer and various inputs		
Organization of participatory research activities and FFS	Service providers Training sessions Seeds, fertilizer and various inputs		
Activities: Component 3		Base cost: USD 2.30 million	
Recruitment of project personnel and maintenance of human resources management system; Preparation of annual work plan and budget, progress reports and withdrawal applications; Operate special account; Procure vehicles and equipment; Establish contracts of service-providers and follow up; Establish M&E system and monitor all project activities; Organize audits and evaluations; Coordinate project activities with various units of MINAGRI involved.	Coordinator, administration officer, M&E expert and accountant Technical assistants Support personnel Vehicles, computers and office equipment Provision for audits, impact evaluations, etc. Operating costs		

ORGANIGRAMMES
Organigramme du Projet



Correspondence between PSTA Subprogrammes and IFAD Project Subcomponents

IFAD PSTA Support Project		C 1.1	C 1.2	C 1.3	C 1.4	C 2.1	C 2.2	C 2.3	C 2.4	C 2.5	C 3
PSTA		PSTA coordination support	Capacity-building at decentralized level	Support to farmers apex associations	Management information system and communications support	Watershed protection and hedging	Agriculture and Livestock integration	Marshland development and rice production	Adapted research and extension services	Replication mechanisms for Pilot actions	Project management and coordination
SP 1.1	Sustainable natural resources management, soil and water conservation										
SP 1.2	Integrated agro-sylvo-pastoral production systems, intensification and specialization of animal husbandry										
SP 1.3	Marshland development										
SP 1.4	Irrigation development										
SP 1.5	Supply and use of agricultural inputs and mechanization										
SP 1.6	Food security, risk and vulnerability management										
SP 2.1	Promotion of farmers' organizations and strengthening of producers' capacities										
SP 2.2	Rural innovation systems and provision of frontline agro-services										
SP 2.3	Research for development										
SP 2.4	Rural financial systems and agricultural credit										
SP 3.1	Promotion and development of commodity chains										
SP 3.2	Transformation and competitiveness of animal and plant products										
SP 3.3	Rural economic infrastructure										
SP 3.4	Creation of an enabling business climate and development of entrepreneurial skills										
SP 4.1	Legal and regulatory dispositions										
SP 4.2	Institutional support and reform of public services										
SP 4.3	Coordination, monitoring and evaluation of the agriculture sector										

Flux d'Information Nécessaire au Suivi-Evaluation du PSTA: de l'Approche Projet vers l'Approche Programme

