

Cote du document:	EB 2009/97/R.29/Rev.1
Point de l'ordre du jour:	11) e) ii)
Date:	15 septembre 2009
Distribution:	Publique
Original:	Anglais

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Ouvrer pour que les
populations rurales pauvres
se libèrent de la pauvreté

Rapport du Président

Proposition de prêt et de don à la République libanaise pour le

Projet de développement durable de l'agriculture dans les zones collinaires

Conseil d'administration — Quatre-vingt-dix-septième session
Rome, 14-15 septembre 2009

Pour: **Approbation**

Note aux Administrateurs

Le présent document est soumis au Conseil d'administration pour approbation.

Les Administrateurs qui auraient des questions techniques à poser au sujet du présent document sont invités à se mettre en rapport avec le responsable du FIDA ci-après:

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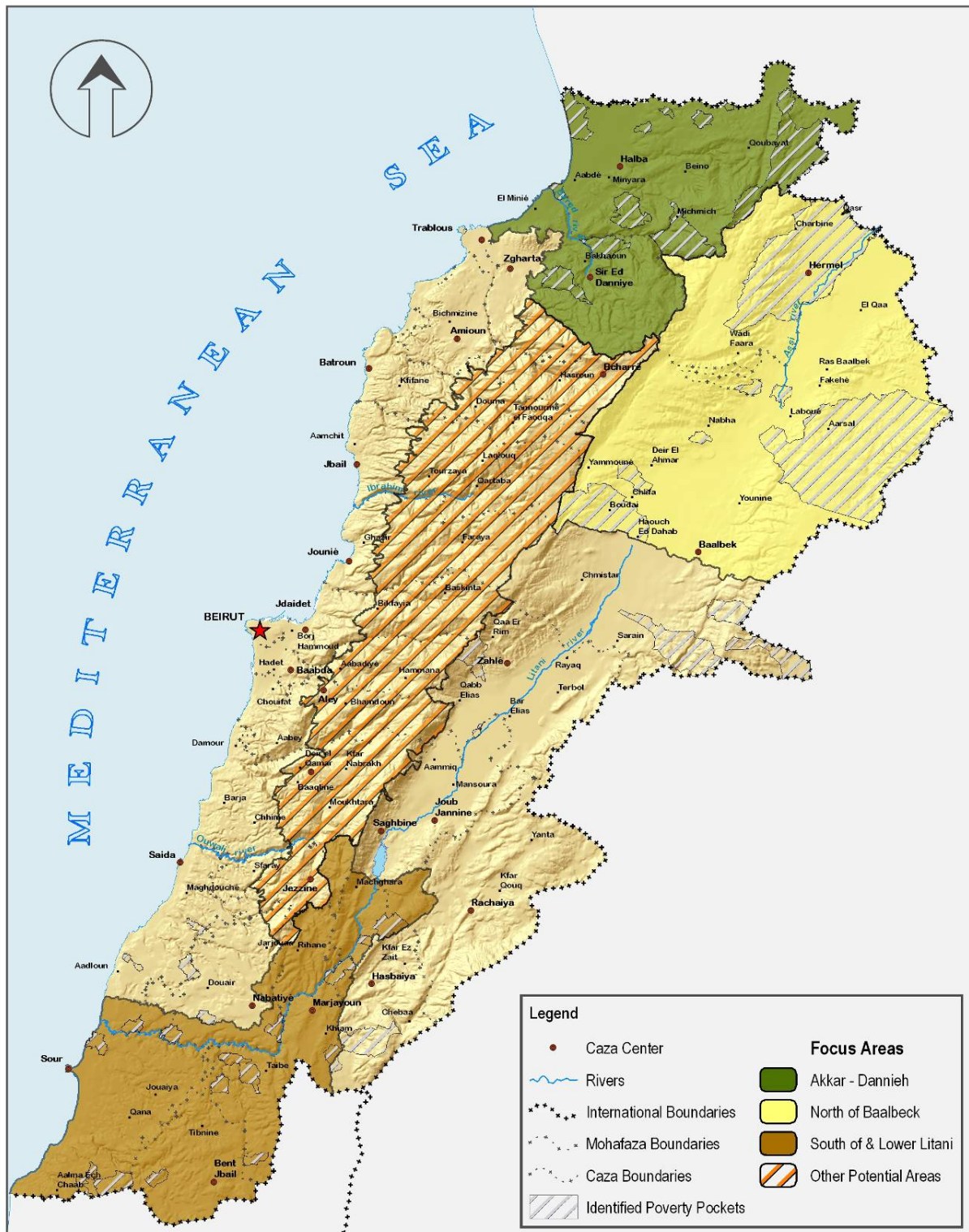
Sigles et acronymes

CSE	Centres de services aux exploitants
S&E	Suivi et évaluation
UGP	Unité de gestion du projet

Recommandation pour approbation

Le Conseil d'administration est invité à approuver la recommandation relative à la proposition de financement en faveur de la République libanaise pour le projet de développement durable de l'agriculture dans les zones collinaires, telle qu'elle figure au paragraphe 36.

Carte de la zone du projet



Source: FIDA

Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés.

République libanaise

Projet de développement durable de l'agriculture dans les zones collinaires

Résumé du financement

Institution initiatrice:	FIDA
Emprunteur:	République libanaise
Organisme d'exécution:	Ministère de l'agriculture — Plan vert
Coût total du projet:	16,64 millions d'USD
Montant du prêt du FIDA:	2,60 millions de DTS (équivalant approximativement à 4 millions d'USD)
Montant du don du FIDA:	0,40 million de DTS (équivalant approximativement à 0,60 million d'USD)
Conditions du prêt du FIDA:	18 ans, y compris un différé d'amortissement de trois ans, assorti d'un taux d'intérêt égal au taux d'intérêt annuel de référence déterminé chaque année par le Fonds
Cofinancier:	Fonds de l'OPEP pour le développement international
Montant du cofinancement:	8,40 millions d'USD
Conditions du cofinancement:	Prêt à des conditions ordinaires
Contribution de l'emprunteur:	1,75 million d'USD
Contribution des bénéficiaires:	1,88 million d'USD
Institution chargée de la préévaluation:	FIDA
Institution coopérante:	Supervision directe par le FIDA

Proposition de prêt et de don à la République libanaise pour le projet de développement durable de l'agriculture dans les zones collinaires

I. Le projet

A. Principal créneau de développement visé par le projet

1. Le projet vise à tirer parti des possibilités d'accroissement de la production et des revenus qui s'offrent aux exploitants des zones collinaires qui ont souffert des dévastations causées par la guerre en juillet 2006 et/ou qui ont été laissés à eux-mêmes. Le projet vise plus précisément: i) à augmenter la productivité, à rehausser la qualité des produits et à diminuer les coûts de production des systèmes agricoles existants, qui sont principalement axés sur la culture des fruits et légumes; ii) à accroître la rentabilité et les recettes des exploitations agricoles en misant sur la valeur ajoutée par les services de soutien après récolte; iii) à renforcer les services de transformation et de commercialisation avec les entreprises locales et à créer des emplois pour les personnes qui n'ont pas suffisamment de ressources foncières. Le projet s'attaquera au principal obstacle au développement du secteur agricole libanais: le manque d'eau.

B. Financement proposé

Modalités et conditions

2. Il est proposé que le FIDA accorde à la République libanaise un prêt d'un montant de 2,60 millions de DTS (équivalant approximativement à 4 millions d'USD) à des conditions ordinaires, et un don d'un montant de 0,40 million de DTS (équivalant approximativement à 0,60 million d'USD), pour contribuer au financement du projet de développement durable de l'agriculture dans les zones collinaires. Le prêt aura une durée de 18 ans, y compris un différé d'amortissement de trois ans, et sera assorti d'un taux d'intérêt égal au taux d'intérêt annuel de référence déterminé chaque année par le Fonds.

Système d'allocation fondé sur la performance (SAFP) du FIDA

3. L'allocation fixée pour la République libanaise au titre du SAFP est de 4,8 millions d'USD sur les trois ans du cycle SAFP (2007-2009).

Corrélation avec les critères du cadre national de dépenses à moyen terme

4. Le projet est pleinement intégré au cadre de dépenses à moyen terme du gouvernement.

Endettement du pays et capacité d'absorption de l'État

5. Le Liban figure parmi les pays présentant un faible niveau de risque (classés "vert") en ce qui concerne la soutenabilité de la dette. Malgré ses vulnérabilités, il affiche un solide bilan macroéconomique, qui s'explique entre autres par des politiques prudentes et une amélioration de la conjoncture politique et sécuritaire suite à la conclusion de l'Accord de Doha, en mai 2008. La croissance du PIB réel a été supérieure à 8% en 2008 et le ratio dette-PIB a diminué de 6 points pour s'établir à 162% du PIB. Les antécédents du Liban en matière de remboursement des prêts du FIDA sont satisfaisants.

Flux de fonds

6. Les fonds provenant du FIDA seront mis à la disposition du Plan vert par l'entremise du Ministère des finances. Ils seront portés aux comptes du projet conformément aux procédures du Plan vert ainsi qu'aux plans de travail et budgets annuels approuvés.

Modalités de supervision

7. Le projet sera supervisé directement par le FIDA.

Dérogations aux conditions générales applicables au financement du développement agricole et aux politiques opérationnelles du FIDA

8. Aucune dérogation n'est prévue.

Gouvernance

9. Les mesures suivantes sont prévues afin de renforcer les aspects du financement du FIDA qui ont trait à la gouvernance: i) une approche participative axée sur la demande sera suivie, et des mécanismes permettant aux bénéficiaires et au gouvernement local de participer au ciblage seront mis en place; ii) des vérifications indépendantes des comptes et des états financiers seront effectuées chaque année dans le respect des normes internationales d'audit; et iii) le FIDA supervisera directement le projet et soutiendra sa mise en œuvre.

C. Groupe cible et participation

Groupe cible

10. Le groupe cible sera constitué des petits exploitants pauvres des diverses zones collinaires et des communautés directement ou indirectement touchées par les hostilités de juillet 2006. Le projet sera mis en œuvre dans les zones suivantes: Akkar-Dannieh, Baalbek-Nord et Hermel, et Sud/Bas Litani, ainsi que le mont Liban et d'autres régions habitées par la population cible. Les bénéficiaires du projet seront choisis parmi les ménages pauvres et très pauvres de ces zones, dont le nombre est estimé à 24 000.

Méthode de ciblage

11. Dans le respect de la politique du FIDA en matière de ciblage et de son Cadre pour l'intégration des questions de parité hommes-femmes dans les opérations, le projet utilisera avant tout des procédures de ciblage géographique et de ciblage en fonction du sexe, ainsi que des mécanismes d'autociblage, de ciblage direct, d'autonomisation et de renforcement des capacités pour les diverses composantes et activités du projet.

Participation

12. Le projet repose sur un inventaire participatif et systématique des emplacements des lacs collinaires et des possibilités d'investissement pour les centres de services aux exploitants (CSE) dans certaines municipalités; à cet égard, les initiatives éventuelles seront classées par priorité, en fonction de leur impact potentiel sur la pauvreté et de leur rentabilité, déterminée par la viabilité des investissements et des institutions et la création d'emplois ruraux.

D. Objectifs de développement

Objectifs clés

13. Le but d'ensemble du projet est de réduire la pauvreté rurale en accroissant sensiblement la productivité agricole et les revenus des ménages ciblés dans la zone du projet. Pour ce faire, il faudra: i) améliorer la gestion des sols et de l'eau et mettre en place des structures – petites et moyennes – de collecte des eaux de ruissellement ainsi que des mesures de conservation des sols et de l'eau; ii) accroître la productivité agricole et améliorer les liaisons entre les petits exploitants et les marchés grâce à des services d'appui technique; et iii) renforcer les capacités des organismes d'exécution et des organisations paysannes.

Objectifs relatifs aux politiques et aux institutions

14. Outre le renforcement des capacités locales, le projet favorisera l'intégration des meilleures pratiques de gestion durable des terres aux stratégies et aux programmes nationaux de développement, surtout en réalisant un examen des politiques existantes et du cadre juridique des associations d'usagers de l'eau et en amenant les autres bailleurs de fonds à aider le gouvernement à actualiser ce cadre juridique et à promouvoir son adoption.

Cohérence avec les politiques et stratégies du FIDA

15. L'élaboration du projet a été éclairée par les résultats obtenus et les enseignements tirés au Liban et dans d'autres pays de la région. Le projet va dans le sens des orientations stratégiques du programme d'options stratégiques pour le pays (COSOP) établi par le FIDA en 2000, c'est-à-dire une utilisation plus efficace de l'eau, une plus grande valeur ajoutée dans les produits agricoles, le soutien aux organisations communautaires et l'autonomisation des femmes en milieu rural. En outre, il est aligné sur les divers objectifs du Cadre stratégique 2007-2010 du FIDA.

E. Harmonisation et alignement

Alignement sur les priorités nationales

16. Le projet est parfaitement aligné sur les objectifs du gouvernement concernant la réduction de la pauvreté et le redressement économique après conflit en milieu rural, ainsi que sur ses priorités, à savoir la mise en valeur et la gestion des ressources en eau, et la création de services de vulgarisation de l'agriculture durable et de soutien à la commercialisation dans le cadre d'un partenariat public-privé. Le projet contribuera à mettre en œuvre d'importants éléments et priorités de la stratégie agricole nationale adoptée en 2005, ainsi que du plan de travail quinquennal ayant étayé la demande de financement du projet présentée par le gouvernement.

Harmonisation avec les partenaires du développement

17. En complément au cofinancement de 8,4 millions d'USD du Fonds de l'OPEP pour le développement international, le projet mettra en place, à des fins d'exécution, un cadre de collaboration englobant le mécanisme de coordination national pour la concertation entre les donateurs et entre ces derniers et le gouvernement, ainsi que les dispositifs des gouvernements locaux, intégrés aux systèmes de planification communautaires et municipaux, utilisés pour la sélection des investissements dans des sous-projets et la rationalisation et l'harmonisation de l'aide extérieure au développement. Dans ce cadre, le projet tentera de dégager des synergies entre ses activités et les efforts des donateurs internationaux et bilatéraux qui participent au développement régional et rural.

F. Composantes et catégories de dépenses

Principales composantes

18. Le projet comprend trois composantes: i) développement axé sur la conservation de l'eau et des sols; ii) soutien technique aux exploitants; et iii) coordination et gestion du projet.

Catégories de dépenses

19. Les catégories de dépenses sont au nombre de cinq: i) travaux de génie civil – cette catégorie est de loin la plus importante, représentant 45% du coût du projet; ii) véhicules et équipements; iii) assistance technique, études, ateliers et formation; iv) dépenses courantes, y compris exploitation et entretien, et salaires et autres dépenses de fonctionnement; et v) crédits non alloués.

G. Gestion et exécution: responsabilités et partenariats

Principaux partenaires d'exécution

20. Il s'agira: i) du Ministère de l'agriculture, l'agent principal responsable du projet; ii) du Plan vert qui, sous l'égide du Ministère de l'agriculture, sera chargé du développement axé sur la conservation de l'eau et des sols ainsi que de la coordination et de la gestion globales du projet (composantes 1 et 3); iii) de la Direction des études et de la coordination, sous l'égide du Ministère de l'agriculture, qui assurera le soutien technique aux exploitants (composante 2); iv) des ONG nationales et locales; v) des municipalités; vi) des institutions communautaires; et vii) des bénéficiaires d'entreprises privées, des consultants du secteur privé et des représentants d'établissements locaux d'enseignement supérieur.

Responsabilités en matière d'exécution

21. Le Ministère de l'agriculture, par l'entremise de son agence de développement autonome, le Plan vert, sera chargé de la supervision du projet. Le Président du Comité directeur du Plan vert assumera la direction du projet. À ce titre, il sera pleinement responsable de l'exécution des activités du projet. Un chargé de projet sera nommé à la tête de l'unité de gestion du projet (UGP) faisant partie du Plan vert et relèvera du président du Comité directeur du Plan vert pour le soutien administratif et les communications avec le comité de pilotage du projet sur le terrain. Les principales unités opérationnelles seront les équipes multidisciplinaires déployées dans les régions cibles, qui assureront la liaison avec l'UGP, les bureaux régionaux du Plan vert et du Ministère de l'agriculture, et les parties prenantes locales telles que les exploitants, les communautés, les ONG et les CSE.

Rôle de l'assistance technique

22. La capacité du pays de réaliser des projets financés par le FIDA étant satisfaisante, l'assistance technique internationale nécessaire est minime. Des experts locaux collaboreront à la réalisation de divers éléments du projet, par exemple l'assistance aux CSE, aux associations d'usagers de l'eau et aux coopératives agricoles; l'adoption de technologies agricoles modernes; le soutien au négoce agricole, aux petites et moyennes entreprises rurales et à l'agroalimentaire.

Situation des principaux accords d'exécution

23. L'UGP exercera ses activités dans le cadre du Plan vert, conformément aux plans de travail et budgets annuels approuvés. Dès que le projet aura été amorcé, des marchés seront passés pour la plupart des activités d'exécution, suivant les procédures établies par le gouvernement et le FIDA à cet égard. Cela consistera notamment à retenir les services de partenaires d'exécution en vertu de marchés de services axés sur les résultats, dans le respect des conditions de l'accord de financement et de l'accord de don.

Principaux partenaires financiers et montants engagés

24. Le coût total du projet est de 16,64 millions d'USD sur une période de six ans. Il sera financé par un prêt et un don du FIDA (4,60 millions d'USD, soit 28%), le Fonds de l'OPEP pour le développement international (8,40 millions d'USD, soit 51%), le gouvernement (1,75 million d'USD, soit 10%) et les bénéficiaires (1,88 million d'USD, soit 11%).

H. Avantages et justification économique et financière

Principales catégories d'avantages découlant du projet

25. Les principaux avantages du projet concerneront: l'augmentation des revenus des exploitants du fait de l'accroissement de la production végétale. Ils découleront de ce qui suit: i) l'amélioration du rendement des cultures, surtout des fruits et des légumes à valeur élevée; ii) la diminution des pertes après récolte; iii) la commercialisation d'une plus grande proportion de la production agricole; et iv) l'amélioration de la qualité des produits; et v) l'accroissement des possibilités d'emploi.

Viabilité économique et financière

26. La plupart des activités du projet étant impulsées par la demande, on ne peut pas réaliser une analyse économique et financière globale. Cependant, les modèles agricoles et commerciaux réalisés à l'étape de l'élaboration du projet font état de rendements satisfaisants.

I. Gestion des savoirs, innovation et élargissement

Modalités de gestion des savoirs

27. Les agents chargés du suivi et de l'évaluation (S&E) et de la gestion des savoirs (pour le S&E) au sein de l'UGP s'acquitteront des responsabilités en matière de gestion des savoirs et de communication. Cela comprend la collecte, la présentation et la diffusion améliorée de l'information aux groupes cibles du projet. De plus, l'équipe de gestion

dans le pays et le FIDA contribuera à la collecte et à la diffusion des données sur le projet susceptibles d'intéresser les autres parties prenantes. Le projet participera directement aux diverses initiatives régionales de partage des savoirs soutenues par le FIDA, y compris le KariaNet¹ et le CaMaRI².

Innovations en matière de développement

28. Les innovations de ce projet sont: i) la création et la gestion durable des CSE en tant qu'entité modèle pouvant fournir aux exploitants des services intégrés de qualité supérieure, c'est-à-dire leur assurer des services de vulgarisation et de commercialisation, aider les organisations paysannes à devenir des entreprises et assurer la liaison entre les institutions publiques et privées qui soutiennent les exploitants; et ii) la nouvelle orientation du Plan vert, qui mettra l'accent sur le développement local et la gestion durable des terres, ce qui englobe le ciblage, la présentation et la mise en œuvre d'une solution intégrée de gestion durable des terres, et le suivi et l'évaluation axé sur les résultats.

Approche d'élargissement

29. La validation et l'application à plus grande échelle des innovations technologiques et institutionnelles font partie intégrante du projet et augurent bien en vue d'une expansion future. Cela concerne surtout le système intégré de petits lacs collinaires, les dispositifs de micro-irrigation et les CSE. De plus, les résultats et les enseignements tirés seront internalisés et intégrés aux stratégies, aux politiques et aux programmes de développement nationaux.

J. Principaux risques

Principaux risques et mesures d'atténuation

30. Le projet comporte quatre grands risques: i) des retards dans la ratification par le Parlement de l'accord de financement pour des raisons politiques; ii) des risques techniques liés à la sélection des emplacements des lacs collinaires et aux compétences inadéquates des sociétés nationales de génie-conseil; iii) les entraves à la commercialisation des produits soutenus par les CSE et la viabilité de ces derniers; et iv) l'absence de coordination avec les autres projets en cours et de synergie. Ces risques seront atténués comme suit: i) le don du FIDA financera l'exécution du projet durant la première année; ii) le manuel d'exécution du projet exposera en détail des critères rigoureux de sélection des emplacements, et le Ministère de l'énergie et de l'eau contribuera à réduire les risques; iii) de solides évaluations et études de faisabilité seront réalisées à l'intention des CSE; et iv) la coopération et les échanges de savoirs avec l'équipe de pays du FIDA seront renforcés. En outre, durant les missions de supervision directe, le FIDA accordera une attention particulière à des questions telles que la mobilisation des communautés et la viabilité des CSE.

Classification environnementale

31. À l'issue des procédures d'évaluation environnementale du FIDA, le projet a été classé en catégorie B, car il ne devrait pas avoir d'effets préjudiciables importants sur l'environnement.

K. Durabilité

32. La viabilité des activités après le projet sera tributaire d'un soutien gouvernemental minimal au terme de l'investissement initial, ainsi que de la phase de renforcement des capacités des organisations de producteurs soutenue par le projet. La stratégie de sortie mettra l'accent sur la viabilité des investissements prévus, qui sera assurée par la participation des bénéficiaires et l'internalisation du projet. À la fin du projet, les associations d'usagers de l'eau seront entièrement responsables du fonctionnement et de l'entretien des ouvrages d'irrigation et des autres infrastructures construites durant le projet. De même, les CSE seront gérés par des coopératives indépendantes sur une base commerciale.

¹ Réseau d'accès aux connaissances dans les zones rurales interconnectées.

² Programme de renforcement des capacités de gestion orientée sur les résultats et l'impact.

II. Instruments juridiques et autorité

33. Un accord de financement et un accord de don entre la République libanaise et le FIDA constituent l'instrument juridique aux termes desquels le financement proposé sera consenti au pays emprunteur/bénéficiaire. Une copie de l'accord de financement et de l'accord de don négocié est jointe en annexe.
34. La République libanaise est habilitée, en vertu de ses lois, à recevoir un financement du FIDA.
35. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA et aux Principes et critères en matière de prêts.

III. Recommandation

36. Je recommande que le Conseil d'administration approuve le financement proposé en adoptant la résolution suivante:

DÉCIDE: que le Fonds fera à la République libanaise un prêt à des conditions ordinaires d'un montant équivalant à deux millions six cent mille droits de tirage spéciaux (2 600 000 DTS) et qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

DÉCIDE EN OUTRE: que le Fonds accordera à la République libanaise un don d'un montant équivalant à quatre cent mille droits de tirage spéciaux (400 000 DTS) et qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président
Kanayo F. Nwanze

Negotiated financing agreement and grant agreement for the Hilly Areas Sustainable Agricultural Development Project

(Negotiations concluded on 7 July 2009)

FINANCING AGREEMENT

Loan Number: _____

Project Title: Hilly Areas Sustainable Agricultural Development Project (HASAD) (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

The Republic of Lebanon (the "Borrower")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS

(A) the Borrower has requested a loan, as defined in Section B herein from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

(B) the Fund has agreed to extend to the Borrower a grant ("the Grant") in the principal amount of four hundred thousand Special Drawing Rights to assist in financing the Project on terms and conditions to be set forth in an agreement between the Borrower and the Fund (the "Grant Agreement"); and

(C) the Borrower intends to obtain from the Organization of the Petroleum Exporting Countries Fund for International Development ("OFID") a loan (the "Co-financing") approximately in the principal amount of eight million four hundred and ten thousand United States dollars to finance Component 1 (Water and Soil Conservation Development) of the Project on terms and conditions to be set forth in an agreement between the Borrower and OFID (the "Co-financing Agreement").

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009 as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a loan to the Borrower (the "Loan") to finance Component 2 (Technical Support to Farmers) and 3 (Project Coordination and Management) of the Project, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is the equivalent of two million six hundred thousand Special Drawing Rights (2 600 000 SDR).

2. The Loan is granted on ordinary terms.

3. The Loan Interest Payment Currency shall be in United States dollars.

4. The first day of the applicable Fiscal Year shall be 1 January.

5. Payments of principal and interest shall be payable on each 1 June and 1 December.

6. The Borrower shall open and thereafter maintain in a bank proposed by the Borrower and accepted by the Fund, a current account for Project operations (the "Project Account"). The Green Plan (GP), on behalf of the Borrower, shall be fully authorized to operate the Project Account in accordance with the GP procedures for the administration of accounts.

7. The Borrower shall bear all taxes that may be due in connection with any payment made under this Financing Agreement.

8. The Borrower shall provide a counterpart contribution in kind equivalent to approximately three hundred thousand United States dollars (300 000 USD).

Section C

1. The Lead Project Agency (LPA) shall be the Ministry of Agriculture (MOA) who shall implement the Project through:

- (a) the GP who shall be responsible for overall management and coordination of the Project and implementation of Component 1 (Water and Soil Conservation Development) and Component 3 (Project Coordination and Management); and
- (b) the Directorate of Studies and Coordination (DSC) of the MOA who shall be responsible for the implementation of Component 2 (Technical Support to Farmers).

2. The following are designated as additional Project Parties: Non-governmental organizations (NGOs) and the private sector.

3. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

The Loan shall be administered and the Project supervised by the Fund.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The Project Director has been removed from the Project without the prior concurrence of the Fund.
- (b) The Co-financing Agreement has failed to enter into full force and effect and substitute funds are not available to the Borrower on terms and conditions acceptable to the Fund.
- (c) The right of the Borrower to withdraw the proceeds of the Co-financing has been suspended, cancelled or terminated, in whole or in part, or the Co-financing has become due and payable prior to the agreed maturity thereof; or any event has occurred which, with notice or the passage of time, could result in any of the foregoing.
- (d) The Grant Agreement has failed to enter into full force and effect and substitute funds are not available to the Borrower on terms and conditions acceptable to the Fund.
- (e) The Project Implementation Manual (PIM), or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

2. The following is designated as an additional general condition precedent to withdrawal:

- (a) No withdrawals shall be made until the PIM shall have been approved by the Fund in draft and a copy of the PIM as adopted by the LPA, shall have been delivered to the Fund.

3. This Agreement is subject to ratification by the Borrower.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

International Fund for Agricultural Development
Via Paolo di Dono, 44
00142 Rome, Italy

For the Borrower:

Ministry of Finance
Riad El-Solh Square,
3rd Floor
Beirut, Lebanon

This Agreement, dated _____, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

For the Fund

For the Borrower

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit the poor smallholders of various hilly regions and communities of the territory of the Borrower directly or indirectly affected by the July 2006 war. The Project shall focus on the following zones: the Akkar-Dannieh, North Baalbeck and Hermel, the South and Lower Litani, the Mount Lebanon and other areas where the Target Population is present (the "Project Area").

2. *Goal and Objectives.* The goal of the Project is to reduce rural poverty by substantially increasing agricultural productivity and income of the target group in the Project Area through: (i) improvements in soil and water management and development of small and medium-size water harvesting and soil and water conservation measures; (ii) improvements in agricultural productivity and market linkages for small farmers by provision of technical support services; and (iii) strengthening the capacities of the Project implementing agencies and farmer organizations.

3. *Components.* The Project shall consist of the following Components:

Component 1 – Water and Soil Conservation Development

3.1. The Project shall support the development of small-scale irrigation schemes and reservoirs supplied by harvested runoffs and spring flows. The scheme sites shall be selected through a participatory approach based on appropriate socio-economic and technical eligibility criteria defined in the PIM. This Component shall be achieved through the following two sub-components:

- (a) Sub-component Mobilization and Distribution of Water. The Project shall support the mobilization of a sufficient quantity and efficient use of water for irrigation in the Project Area through the following interventions:
 - (i) Construction of small hill lakes on a pilot basis for storing water from springs, runoffs and harvested water for irrigation by small groups of farms. This sub-component shall also support irrigation networks to be located downstream of the hill lakes sites.
 - (ii) Support for irrigation networks to deliver water to the farm gates of two hill lakes (Kfar Mechki and Hermel) constructed under the Irrigation Rehabilitation and Modernisation Project (IRMP) financed by the Fund.
 - (iii) Development of terracing and stone retaining walls.
 - (iv) Construction of small earth/concrete reservoirs for storing water to be used for supplemental on-farm irrigation mainly from an existing well or irrigation canals for individual small farms.
- (b) Sub-component Institutional Strengthening and Technical Assistance. This sub-component shall support the following:
 - (i) Two Field Multi-Disciplinary Teams (FMTs) each composed of three persons and, amongst each FMT, one person shall be seconded from the GP.

- (ii) Technical assistance for the hill lakes.
- (iii) Consulting engineering services for the preparation of feasibility studies, detailed designs and supervision of construction.

Component 2 – Technical Support to Farmers

3.2. The Project shall provide demand-driven agricultural extension and marketing support as well as irrigation advisory services to farmers and capacity building of the farmers' groups and associations. Marketing support shall include provision of such services as market facilitation, grading and packaging and refrigerated storage. These services would be made available through at least three Farmer Service Centers (FSCs) to be established in the Project Area. The FSCs shall also select relevant agriculture sub-sectors, identify development plans over the value chain and coach the farmers in creating their own enterprises. The FSCs shall provide advice for access to the necessary legal and technical back-up and guide the farmers to the most suitable financing institution and assist them in preparing and implementing successful business plans.

3.3. The Component foresees the provision of technical assistance and training for extension, market research and promotion, business planning assistance to develop potential opportunities; technology and advice on accessing credit to assist producers in the initial uptake of activities. Support shall be provided for training of the trainers and farmers.

Component 3 – Project Coordination and Management

This Component shall support the establishment and operation of a Project Management Unit (PMU) at national level. The PMU shall be responsible for the coordination and management of Project activities in accordance with the AWPB.

II. Implementation Arrangements

4. Project Steering Committee (PSC)

4.1. *Establishment and Composition.* The Borrower shall establish a PSC. The PSC shall be composed *inter alia* of the Director General of MOA or his/her representative, one representative of the Ministry of Finance, one representative of the Ministry of Energy and Water (MOEW), one representative of the Council for Development and Reconstruction (CDR) and the President of the GP Executive Committee. The PSC shall be chaired by the Minister of Agriculture.

4.2. *Responsibilities.* The PSC shall provide overall guidance for the implementation of the Project activities at the national level and shall be responsible for the approval of the AWPBs as well as other key policy decisions.

5. Project Management Unit (PMU)

5.1. *Establishment.* A PMU shall be established within the GP. The President of the GP Executive Committee shall act as the Project Director and shall assume the responsibility and accountability of carrying out the Project activities in accordance with relevant national legislation.

5.2. *Composition.* A Project Manager shall be recruited as the head of the PMU. The Project Manager shall report to the Project Director. In addition to the Project Manager, the PMU shall be composed of the following officers either appointed or recruited: a financial manager, a marketing specialist, a civil engineer as water and soil conservation

(WSC) coordinator for the implementation of Component 1 (Water and Soil Conservation Development), an agriculturist for the implementation of Component 2 (Technical Support to Farmers), a monitoring and evaluation knowledge management officer (M&E/KM), an assistant to the M&E/KM officer, a procurement officer, an accountant and an administrative assistant.

5.3. *Responsibilities.* The PMU shall be responsible for the day-to-day operational management of the Project including, coordination of planning and monitoring of progress and impact. The PMU shall ensure that all components are implemented in a timely, coordinated and coherent manner in order to meet the Project's stated objectives efficiently and effectively. To this end, the PMU shall (i) initiate Project activities; (ii) oversee the planning and implementation of Project activities; (iii) prepare consolidated AWPBs; (iv) review on a regular basis the status of implementation of the Project activities with a view to adopting corrective measures if necessary; (v) coordinate and consolidate periodical reports from implementing units, participating entities and implementation partners; (vi) provide technical backstopping; (vii) monitor and evaluate Project progress and problems; (viii) keep the LPA and the Fund informed on Project implementation; (ix) liaise with relevant ministries and departments of the Borrower, NGOs, private sector organizations, donor-funded projects and donors and other stakeholders in implementation; (x) contract the technical service providers and other implementation partners to provide services under the Project.

5.4. *Selection of PMU staff.* The PMU staff shall be recruited on a competitive basis using procedures acceptable to the Fund. The selected candidates shall be approved by the Fund prior to the issuance of contracts. Upon approval by the Fund, candidates shall be offered an initial two-year contract renewable yearly on the basis of satisfactory performance and evaluation. All PMU staff performances shall be assessed annually by the Project Manager in consultation with the Project Director and the Fund.

6. Regional Committees

6.1. *Establishment and Composition.* Three Regional Committees shall be established by the MOA in the three following zones of the Project Area: Akkar-Dannieh, North Baalbeck and Hermel, the South and Lower Litani. Each Regional Committee shall be composed of representatives of MOA's regional service office, the GP regional office, FSC and FMTs. Each Regional Committee shall be chaired by the head of the regional office of the GP and shall report to the Project Director.

6.2. *Responsibilities.* The Regional Committees shall be responsible for the coordination of the Project activities in each of their respective region.

7. Field Multi-Disciplinary Teams (FMTs)

7.1. *Establishment and Composition.* Two FMTs shall be established by the MOA. Each FMT shall be composed of a socio-economist as team leader, an irrigation engineer and an agriculture engineer, and shall work under the supervision of the WSC coordinator of the PMU and in close coordination with the relevant regional directors of the GP and the MOA. For each FMT, one agriculture engineer shall be seconded from the GP.

7.2. *Responsibilities.* Together with the WSC coordinator of the PMU, the FMTs shall be responsible for the hill lakes selection in accordance with criteria defined in the PIM. The FMT shall also be responsible for community mobilization, gender mainstreaming, beneficiaries' selection in accordance with criteria defined in the PIM, establishment of water management groups, monitoring of Project activities, training of farmers. The FMTs shall ensure linkage between the regional offices of the GP and the MOA as well as with local stakeholders such as farmers, communities, NGOs and the FSCs.

7.3. *Selection of FMT staff.* The FMT staff shall be recruited on a competitive basis using procedures acceptable to the Fund. The selected candidates shall be approved by the Fund prior to the issuance of contracts. Upon approval by the Fund, candidates shall be offered an initial two-year contract renewable yearly on the basis of satisfactory performance and evaluation. All FMT staff performances shall be assessed annually by the Project Manager in consultation with the Project Director and the Fund.

8. Farmer Service Centers (FSCs) and Management Board (MB)

8.1. *Establishment and Composition.* At least three FSCs shall be established in the Project Area by NGOs contracted by the Project in accordance with the applicable provisions of the General Conditions. The FSCs shall be managed by a MB who shall review and approve the FSCs business plans, semi-annual progress reports and plans for provision of extension and marketing support services. The MB shall monitor the performance of the FSCs and NGOs and shall report the results to the PMU. The composition of the MB shall include representatives of the Union of Cooperatives, MOA regional office and the PMU. The composition of each FSC shall include an extension/advisory expert.

8.2. *Responsibilities.* The FSCs shall operate on a commercial basis and shall be responsible for providing services such as storage facilities, market preparation and marketing activities. The FSCs shall provide support to local farmers to improve their irrigation, water management and production practices, adopt new techniques, make use of better planting materials and varieties and generally improve their farm management through practical field based extension and advisory services. The FSCs shall develop income generating services and to this end, shall concentrate on the development of a packaging or processing unit according to the needs assessment and business plan proposed by the participating NGOs.

9. Project Implementation Manual (PIM)

9.1. *Preparation.* The PMU on behalf of the LPA shall prepare a draft PIM. The draft PIM shall include, among other things:

- (i) Terms of reference and implementation responsibilities of Project staff, consultants and likely service providers and implementation agencies;
- (ii) Selection criteria for scheme sites and sub-projects under Component 1 (Water and Soil Conservation Development);
- (iii) Project operational and financial procedures, including participatory planning, implementation and monitoring procedures;
- (iv) Monitoring and evaluation system and procedures.

9.2. *Approval and Adoption.* The LPA shall cause the PMU to forward the draft PIM to the Fund for comments and approval. The LPA shall adopt the PIM, substantially in the form approved by the Fund, and the LPA shall promptly provide copies thereof to the Fund.

10. Implementation of Project Components

10.1. The implementation responsibility of Project activities under Component 1 (Water and Soil Conservation Development) shall rest with the GP and the PMU. The WSC coordinator, under the supervision of the Project Manager, shall be in charge of the implementation of the civil works as well as the feasibility studies and detailed engineering design. Service providers, including engineering firms, shall be contracted in accordance with this Agreement.

Together with the FMTs, the WSC coordinator shall participate in the selection of the sites. The FMT shall undertake the implementation of the institutional strengthening and technical assistance activities of Component 1 (Water and Soil Conservation Development). Water User Associations or Local Committees shall be established during the participatory programming phase of the civil works supported by the Project and shall assume responsibility for the operation and maintenance of the hill lakes and associated irrigation networks through agreed rules and procedures.

10.2. The implementation of the Project activities under Component 2 (Technical Support to Farmers) shall rest with the MOA, through the DSC, in collaboration with the Executive Committee of the GP. NGOs contracted under this Agreement shall implement the FSCs activities.

Schedule 2*Allocation Table*

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures (as such are defined in Section 4.08 of the General Conditions) to be financed by the Loan and the allocation of the amounts of the Loan to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in SDR)	Percentage of Eligible Expenditures to be financed
I. Civil Works	220 000	100% net of taxes, co-financing, beneficiary contribution and counterpart financing
II. Vehicles and Equipments	470 000	100% net of taxes, co-financing, beneficiary contribution and counterpart financing
III. Technical Assistance, Studies, Workshop and Training	820 000	100% net of taxes, co-financing, beneficiary contribution and counterpart financing
IV. Recurrent Costs		100% net of taxes, co-financing, beneficiary contribution and counterpart financing
(a) Salaries	510 000	
(b) Operation and Maintenance	320 000	
V. Unallocated	260 000	
TOTAL	2 600 000	

(b) Definitions:

“Salaries” include the salaries for the contracted staff and the incentives and field allowances for the public civil servants assigned to the Project.

GRANT AGREEMENT

Grant Number: _____

Project Title: Hilly Areas Sustainable Agricultural Development Project (HASAD)
(the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

The Republic of Lebanon (the "Recipient")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS

(A) the Recipient has requested a grant, as defined in Section B herein from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

(B) the Fund has agreed to extend to the Recipient a loan ("the Loan") in the principal amount of two million six hundred thousand Special Drawing Rights to assist in financing the Project on terms and conditions to be set forth in an agreement between the Recipient and the Fund (the "Financing Agreement"); and

(C) the Recipient intends to obtain from the Organization of the Petroleum Exporting Countries Fund for International Development ("OFID") a loan (the "Co-financing") approximately in the principal amount of eight million four hundred and ten thousand United States dollars to finance Component 1 (Water and Soil Conservation Development) of the Project on terms and conditions to be set forth in an agreement between the Recipient and OFID (the "Co-financing Agreement").

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009 as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a grant to the Recipient (the "Grant"), which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Grant is the equivalent of four hundred thousand Special Drawing Rights (400 000 SDR).

2. The Recipient shall open and thereafter maintain in a bank proposed by the Recipient and accepted by the Fund, a current account for Project operations (the "Project Grant Account"). The Green Plan (GP), on behalf of the Recipient, shall be fully authorized to operate the Project Grant Account in accordance with the GP procedures for the administration of accounts.

3. The Recipient shall bear all taxes that may be due in connection with any payment made under this Grant Agreement.

4. The Recipient shall provide a counterpart contribution in kind equivalent to approximately three hundred thousand United States dollars (300 000 USD).

Section C

1. The Lead Project Agency (LPA) shall be the Ministry of Agriculture (MOA) who shall implement the Project through:

- (a) the GP who shall be responsible for overall management and coordination of the Project and implementation of Component 1 (Water and Soil Conservation Development) and Component 3 (Project Coordination and Management); and
- (b) the Directorate of Studies and Coordination (DSC) of the MOA who shall be responsible for the implementation of Component 2 (Technical Support to Farmers).

2. The following are designated as additional Project Parties: Non-governmental organizations (NGOs) and the private sector.

3. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

The Grant shall be administered and the Project supervised by the Fund.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The Project Director has been removed from the Project without the prior concurrence of the Fund.
- (b) The Co-financing Agreement has failed to enter into full force and effect and substitute funds are not available to the Recipient on terms and conditions acceptable to the Fund.
- (c) The right of the Recipient to withdraw the proceeds of the Co-financing has been suspended, cancelled or terminated, in whole or in part, or the Co-financing has become due and payable prior to the agreed maturity thereof; or any event has occurred which, with notice or the passage of time, could result in any of the foregoing.
- (d) The Financing Agreement has failed to enter into full force and effect and substitute funds are not available to the Recipient on terms and conditions acceptable to the Fund.

(e) The Project Implementation Manual (PIM), or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

2. This Agreement shall enter into force in accordance with Section 13.01 of the General Conditions.

3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

International Fund for Agricultural Development
Via Paolo di Dono, 44
00142 Rome, Italy

For the Recipient:

Ministry of Finance
Riad El-Solh Square,
3rd Floor
Beirut, Lebanon

This Agreement, dated _____, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Recipient.

For the Fund

For the Recipient

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit the poor smallholders of various hilly regions and communities of the territory of the Recipient directly or indirectly affected by the July 2006 war. The Project shall focus on the following zones: the Akkar-Dannieh, North Baalbeck and Hermel, the South and Lower Litani, the Mount Lebanon and other areas where the Target Population is present (the "Project Area").

2. *Goal and Objectives.* The goal of the Project is to reduce rural poverty by substantially increasing agricultural productivity and income of the target group in the Project Area through: (i) improvements in soil and water management and development of small and medium-size water harvesting and soil and water conservation measures; (ii) improvements in agricultural productivity and market linkages for small farmers by provision of technical support services; and (iii) strengthening the capacities of the Project implementing agencies and farmer organizations.

3. *Components.* The Project shall consist of the following Components:

Component 1 – Water and Soil Conservation Development

3.1. The Project shall support the development of small-scale irrigation schemes and reservoirs supplied by harvested runoffs and spring flows. The scheme sites shall be selected through a participatory approach based on appropriate socio-economic and technical eligibility criteria defined in the PIM. This Component shall be achieved through the following two sub-components:

- (a) Sub-component Mobilization and Distribution of Water. The Project shall support the mobilization of a sufficient quantity and efficient use of water for irrigation in the Project Area through the following interventions:
 - (i) Construction of small hill lakes on a pilot basis for storing water from springs, runoffs and harvested water for irrigation by small groups of farms. This sub-component shall also support irrigation networks to be located downstream of the hill lakes sites.
 - (ii) Support for irrigation networks to deliver water to the farm gates of two hill lakes (Kfar Mechki and Hermel) constructed under the Irrigation Rehabilitation and Modernisation Project (IRMP) financed by the Fund.
 - (iii) Development of terracing and stone retaining walls.
 - (iv) Construction of small earth/concrete reservoirs for storing water to be used for supplemental on-farm irrigation mainly from an existing well or irrigation canals for individual small farms.
- (b) Sub-component Institutional Strengthening and Technical Assistance. This sub-component shall support the following:
 - (i) Two Field Multi-Disciplinary Teams (FMTs) each composed of three persons and, amongst each FMT, one person shall be seconded from the GP.

- (ii) Technical assistance for the hill lakes.
- (iii) Consulting engineering services for the preparation of feasibility studies, detailed designs and supervision of construction.

Component 2 – Technical Support to Farmers

3.2. The Project shall provide demand-driven agricultural extension and marketing support as well as irrigation advisory services to farmers and capacity building of the farmers' groups and associations. Marketing support shall include provision of such services as market facilitation, grading and packaging and refrigerated storage. These services would be made available through at least three Farmer Service Centers (FSCs) to be established in the Project Area. The FSCs shall also select relevant agriculture sub-sectors, identify development plans over the value chain and coach the farmers in creating their own enterprises. The FSCs shall provide advice for access to the necessary legal and technical back-up and guide the farmers to the most suitable financing institution and assist them in preparing and implementing successful business plans.

3.3. The Component foresees the provision of technical assistance and training for extension, market research and promotion, business planning assistance to develop potential opportunities; technology and advice on accessing credit to assist producers in the initial uptake of activities. Support shall be provided for training of the trainers and farmers.

Component 3 – Project Coordination and Management

This Component shall support the establishment and operation of a Project Management Unit (PMU) at national level. The PMU shall be responsible for the coordination and management of Project activities in accordance with the AWPB.

II. Implementation Arrangements

4. Project Steering Committee (PSC)

4.1. *Establishment and Composition.* The Recipient shall establish a PSC. The PSC shall be composed *inter alia* of the Director General of MOA or his/her representative, one representative of the Ministry of Finance, one representative of the Ministry of Energy and Water (MOEW), one representative of the Council for Development and Reconstruction (CDR) and the President of the GP Executive Committee. The PSC shall be chaired by the Minister of Agriculture.

4.2. *Responsibilities.* The PSC shall provide overall guidance for the implementation of the Project activities at the national level and shall be responsible for the approval of the AWPBs as well as other key policy decisions.

5. Project Management Unit (PMU)

5.1. *Establishment.* A PMU shall be established within the GP. The President of the GP Executive Committee shall act as the Project Director and shall assume the responsibility and accountability of carrying out the Project activities in accordance with relevant national legislation.

5.2. *Composition.* A Project Manager shall be recruited as the head of the PMU. The Project Manager shall report to the Project Director. In addition to the Project Manager, the PMU shall be composed of the following officers either appointed or recruited: a financial manager, a marketing specialist, a civil engineer as water and soil conservation

(WSC) coordinator for the implementation of Component 1 (Water and Soil Conservation Development), an agriculturist for the implementation of Component 2 (Technical Support to Farmers), a monitoring and evaluation knowledge management officer (M&E/KM), an assistant to the M&E/KM officer, a procurement officer, an accountant and an administrative assistant.

5.3. *Responsibilities.* The PMU shall be responsible for the day-to-day operational management of the Project including, coordination of planning and monitoring of progress and impact. The PMU shall ensure that all components are implemented in a timely, coordinated and coherent manner in order to meet the Project's stated objectives efficiently and effectively. To this end, the PMU shall (i) initiate Project activities; (ii) oversee the planning and implementation of Project activities; (iii) prepare consolidated AWPBs; (iv) review on a regular basis the status of implementation of the Project activities with a view to adopting corrective measures if necessary; (v) coordinate and consolidate periodical reports from implementing units, participating entities and implementation partners; (vi) provide technical backstopping; (vii) monitor and evaluate Project progress and problems; (viii) keep the LPA and the Fund informed on Project implementation; (ix) liaise with relevant ministries and departments of the Recipient, NGOs, private sector organizations, donor-funded projects and donors and other stakeholders in implementation; (x) contract the technical service providers and other implementation partners to provide services under the Project.

5.4. *Selection of PMU staff.* The PMU staff shall be recruited on a competitive basis using procedures acceptable to the Fund. The selected candidates shall be approved by the Fund prior to the issuance of contracts. Upon approval by the Fund, candidates shall be offered an initial two-year contract renewable yearly on the basis of satisfactory performance and evaluation. All PMU staff performances shall be assessed annually by the Project Manager in consultation with the Project Director and the Fund.

6. Regional Committees

6.1. *Establishment and Composition.* Three Regional Committees shall be established by the MOA in the three following zones of the Project Area: Akkar-Dannieh, North Baalbeck and Hermel, the South and Lower Litani. Each Regional Committee shall be composed of representatives of MOA's regional service office, the GP regional office, FSC and FMTs. Each Regional Committee shall be chaired by the head of the regional office of the GP and shall report to the Project Director.

6.2. *Responsibilities.* The Regional Committees shall be responsible for the coordination of the Project activities in each of their respective region.

7. Field Multi-Disciplinary Teams (FMTs)

7.1. *Establishment and Composition.* Two FMTs shall be established by the MOA. Each FMT shall be composed of a socio-economist as team leader, an irrigation engineer and an agriculture engineer, and shall work under the supervision of the WSC coordinator of the PMU and in close coordination with the relevant regional directors of the GP and the MOA. For each FMT, one agriculture engineer shall be seconded from the GP.

7.2. *Responsibilities.* Together with the WSC coordinator of the PMU, the FMTs shall be responsible for the hill lakes selection in accordance with criteria defined in the PIM. The FMT shall also be responsible for community mobilization, gender mainstreaming, beneficiaries' selection in accordance with criteria defined in the PIM, establishment of water management groups, monitoring of Project activities, training of farmers. The FMTs shall ensure linkage between the regional offices of the GP and the MOA as well as with local stakeholders such as farmers, communities, NGOs and the FSCs.

7.3. *Selection of FMT staff.* The FMT staff shall be recruited on a competitive basis using procedures acceptable to the Fund. The selected candidates shall be approved by the Fund prior to the issuance of contracts. Upon approval by the Fund, candidates shall be offered an initial two-year contract renewable yearly on the basis of satisfactory performance and evaluation. All FMT staff performances shall be assessed annually by the Project Manager in consultation with the Project Director and the Fund.

8. Farmer Service Centers (FSCs) and Management Board (MB)

8.1. *Establishment and Composition.* At least three FSCs shall be established in the Project Area by NGOs contracted by the Project in accordance with the applicable provisions of the General Conditions. The FSCs shall be managed by a MB who shall review and approve the FSCs business plans, semi-annual progress reports and plans for provision of extension and marketing support services. The MB shall monitor the performance of the FSCs and NGOs and shall report the results to the PMU. The composition of the MB shall include representatives of the Union of Cooperatives, MOA regional office and the PMU. The composition of each FSC shall include an extension/advisory expert.

8.2. *Responsibilities.* The FSCs shall operate on a commercial basis and shall be responsible for providing services such as storage facilities, market preparation and marketing activities. The FSCs shall provide support to local farmers to improve their irrigation, water management and production practices, adopt new techniques, make use of better planting materials and varieties and generally improve their farm management through practical field based extension and advisory services. The FSCs shall develop income generating services and to this end, shall concentrate on the development of a packaging or processing unit according to the needs assessment and business plan proposed by the participating NGOs.

9. Project Implementation Manual (PIM)

9.1. *Preparation.* The PMU on behalf of the LPA shall prepare a draft PIM. The draft PIM shall include, among other things:

- (i) Terms of reference and implementation responsibilities of Project staff, consultants and likely service providers and implementation agencies;
- (ii) Selection criteria for scheme sites and sub-projects under Component 1 (Water and Soil Conservation Development);
- (iii) Project operational and financial procedures, including participatory planning, implementation and monitoring procedures;
- (iv) Monitoring and evaluation system and procedures.

9.2. *Approval and Adoption.* The LPA shall cause the PMU to forward the draft PIM to the Fund for comments and approval. The LPA shall adopt the PIM, substantially in the form approved by the Fund, and the LPA shall promptly provide copies thereof to the Fund.

10. Implementation of Project Components

10.1. The implementation responsibility of Project activities under Component 1 (Water and Soil Conservation Development) shall rest with the GP and the PMU. The WSC coordinator, under the supervision of the Project Manager, shall be in charge of the implementation of the civil works as well as the feasibility studies and detailed engineering design. Service providers, including engineering firms, shall be contracted in accordance with this Agreement.

Together with the FMTs, the WSC coordinator shall participate in the selection of the sites. The FMT shall undertake the implementation of the institutional strengthening and technical assistance activities of Component 1 (Water and Soil Conservation Development). Water User Associations or Local Committees shall be established during the participatory programming phase of the civil works supported by the Project and shall assume responsibility for the operation and maintenance of the hill lakes and associated irrigation networks through agreed rules and procedures.

10.2. The implementation of the Project activities under Component 2 (Technical Support to Farmers) shall rest with the MOA, through the DSC, in collaboration with the Executive Committee of the GP. NGOs contracted under this Agreement shall implement the FSCs activities.

Schedule 2

Allocation Table

1. *Allocation of Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures (as such are defined in Section 4.08 of the General Conditions) to be financed by the Grant and the allocation of the amounts of the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Grant Amount Allocated (expressed in SDR)	Percentage of Eligible Expenditures to be financed
I. Civil Works		100% net of taxes, co-financing, beneficiary contribution and counterpart financing
II. Vehicles and Equipments	80 000	100% net of taxes, co-financing, beneficiary contribution and counterpart financing
III. Technical Assistance, Studies, Workshop and Training	175 000	100% net of taxes, co-financing, beneficiary contribution and counterpart financing
IV. Recurrent Costs		100% net of taxes, co-financing, beneficiary contribution and counterpart financing
(a) Salaries	65 000	
(b) Operation and Maintenance	40 000	
V. Unallocated	40 000	
TOTAL	400 000	

(b) Definitions:

“Salaries” include the salaries for the contracted staff and the incentives and field allowances for the public civil servants assigned to the Project.

Key reference documents

Country reference documents

Republic of Lebanon - Social Action Plan, 2007

United Nations Development Programme - Poverty, growth and inequality in Lebanon: Executive Summary, October 2007

IFAD reference documents

Project design document (PDD) and key files

Environmental and Social Assessment Procedures, 2009

Republic of Lebanon COSOP (2000)

IFAD Strategic Framework 2007-2010

IFAD Decision Tools for Rural Finance (2003)

IFAD Policy on Rural Finance (2009)

IFAD Policy on Targeting

Various Learning Notes (Gender; Project Targeting; Rural Finance; Designing for Implementation; Monitoring and Evaluation; and Sustainability)

Other miscellaneous reference documents

World Bank, Lebanon Country Assistance Strategy, 2005. Report 34463

Delegation of the European Commission to Lebanon, European Neighbourhood and Partnership Instrument: Country Strategy Paper 2007-2013

Logical framework

Narrative Summary	Outputs/Key Indicators	Means of Verification	Assumptions/Risks
Goal			
Reduce rural poverty by substantially increasing agricultural productivity and income of the targeted households	<ul style="list-style-type: none"> Reduction in the prevalence of malnutrition among children under five (weight for age, height for age, weight for height). Households with improvement in household assets ownership index. Increased agriculture-based income of women and men in the household (by 20%). 	<ul style="list-style-type: none"> Baseline and impact surveys, UNICEF data. National livelihood and poverty surveys. Project progress reports. Completion assessment. 	<ul style="list-style-type: none"> Minimum internal and external shocks; Economic growth.
Purpose/Objective			
Improved livelihoods and income for 6,280 farm households through an increase in the quantity, quality and marketing of agricultural production.	<ul style="list-style-type: none"> % increase in water availability for agriculture in the targeted areas; % increase in household income from agriculture; % increase in area cultivated with high-value crops; % increase in market share of smallholder farmers. 	<ul style="list-style-type: none"> Project progress and financial reports. Mid-term review. Completion assessment. IFAD direct supervision. Direct feedback from beneficiaries. 	<ul style="list-style-type: none"> FSCs are able to access the market and ensure a sustainable demand and supply chain. Satisfactory performance of PMU, MDT and FSC.
Outcomes/Component			
Component 1: Improvement in soil and water management and development of small/medium-size water harvesting and soil and water conservation measures.	1.1 Water availability increased by 890 000 m³ through water harvesting works. <ul style="list-style-type: none"> Construction of least 20 small lakes and 2 medium-size lakes and 50 earth and 50 concrete reservoirs construction. 	<ul style="list-style-type: none"> Progress reports / supervision reports. Field visits. Direct feedback from beneficiary farmers. Field visits by PSC and IFAD. 	<ul style="list-style-type: none"> Sustainable functioning of farmer groups managing the structures. Rigorous selection criteria for selection of the sites for the hill lakes by PMU and FMTs .
	1.2 Irrigated areas increased by 350 ha. <ul style="list-style-type: none"> Irrigation distribution systems installed, area served, and volume of water delivered. Terraces and stone retaining walls installed, area improved. 		
	1.3 Farmers' groups formed to operate and maintain irrigation & water harvesting works <ul style="list-style-type: none"> Number and membership of farmers groups managing water infrastructures, gender disaggregated. 		
	1.4 Technical assistance provided for improved irrigation and soil and water conservation practices. <ul style="list-style-type: none"> Training sessions delivered to the FMTs and held for farmers. Studies, detailed designs and supervision for hill lakes construction produced. 		
	Component 2: The provision of sustainable technical, marketing, and organizational support services by the FSCs resulting in improved incomes through better agricultural productivity and marketability of the 4500 targeted households.		
Component 3: Project efficiently coordinated and managed to better support results and implementation.	<ul style="list-style-type: none"> PIM prepared and agreed upon. Professional staff timely recruited for the PMU and AWPB achieved FMTs and project support is set in each focus area; M&E and knowledge management system in place and functional. Contracts with private sector and associations timely concluded. 100 percent of IFAD loan/grant disbursed. 	<ul style="list-style-type: none"> Project progress and M&E reports; Project audit report. 	<ul style="list-style-type: none"> Impartial recruitment of staff Adherence to transparent procurement Gender factors included in staff, service provider conditions

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