

Signatura: EB 2009/97/R.29/Rev.1
Tema: 11 e) ii)
Fecha: 15 septiembre 2009
Distribución: Pública
Original: Inglés

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Dar a la población rural
pobre la oportunidad
de salir de la pobreza

Informe del Presidente

Propuesta de préstamo y donación a la República Libanesa para el

Proyecto de Desarrollo Agrícola Sostenible en Zonas Montañosas

Junta Ejecutiva — 97º período de sesiones
Roma, 14 y 15 de septiembre de 2009

Para **aprobación**

Nota para los Directores Ejecutivos

Este documento se presenta a la Junta Ejecutiva para su aprobación.

Se invita a los Directores Ejecutivos que deseen formular preguntas técnicas acerca del presente documento a dirigirse al funcionario del FIDA que se indica a continuación:

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Las peticiones de información sobre el envío de la documentación del presente período de sesiones deben dirigirse a:

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Abreviaturas y siglas

OPEP	Organización de Países Exportadores de Petróleo
SyE	seguimiento y evaluación

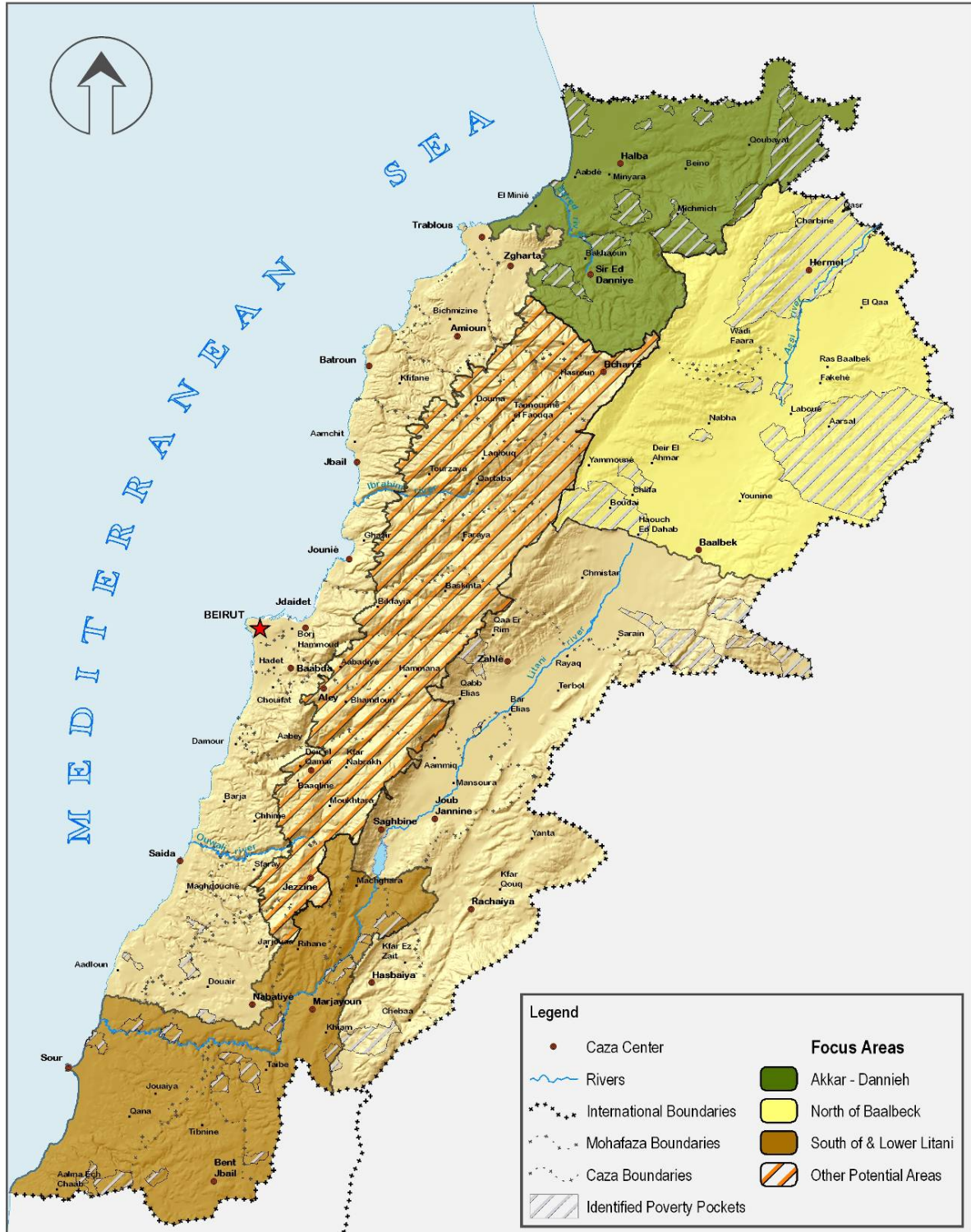
Recomendación de aprobación

Se invita a la Junta Ejecutiva a que apruebe la recomendación sobre la propuesta de financiación a la República Libanesa para el Proyecto de Desarrollo Agrícola Sostenible en Zonas Montañosas, que figura en el párrafo 36.

Mapa de la zona del proyecto

Líbano

Proyecto de Desarrollo Agrícola Sostenible en Zonas Montañosas



Fuente: FIDA

Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

República Libanesa

Proyecto de Desarrollo Agrícola Sostenible en Zonas Montañosas

Resumen de la financiación

Institución iniciadora:	FIDA
Prestatario:	República Libanesa
Organismo de ejecución:	Ministerio de Agricultura – El Plan Verde
Costo total del proyecto:	USD 16,64 millones
Cuantía del préstamo del FIDA:	DEG 2,60 millones (equivalente a USD 4 millones, aproximadamente)
Cuantía de la donación del FIDA:	DEG 0,40 millones (equivalente a USD 0,60 millones, aproximadamente)
Condiciones del préstamo del FIDA:	Plazo de 18 años, incluido un período de gracia de tres, con un tipo de interés igual al tipo de interés anual de referencia que el Fondo determine cada año
Cofinanciador:	Fondo OPEP para el Desarrollo Internacional
Cuantía de la cofinanciación:	USD 8,40 millones
Condiciones de la cofinanciación:	Préstamo en condiciones ordinarias
Contribución del prestatario:	USD 1,75 millones
Contribución de los beneficiarios:	USD 1,88 millones
Institución evaluadora:	FIDA
Institución cooperante:	Supervisado directamente por el FIDA

Propuesta de préstamo y donación a la República Libanesa para el Proyecto de Desarrollo Agrícola Sostenible en Zonas Montañosas

I. El proyecto

A. Principal oportunidad de desarrollo abordada por el proyecto

1. El proyecto se ocupa de las oportunidades de que disponen los agricultores de las zonas montañosas que se vieron afectadas por la devastadora guerra de julio de 2006, o que quedaron desatendidas por esa causa, para que los agricultores puedan incrementar su producción y sus ingresos mediante: i) el aumento de la productividad, la mejora de la calidad de los productos y la reducción de los costos de producción de los sistemas agrícolas que se emplean actualmente, basados principalmente en las frutas y las hortalizas; ii) la agregación de valor gracias a servicios de apoyo posteriores a la cosecha para aumentar la rentabilidad de las explotaciones y los ingresos agrícolas, y iii) la mejora de los servicios de elaboración y comercialización con la intervención de empresas locales, y la generación de empleo para ayudar a quienes no tienen suficientes recursos de tierras. El proyecto procura resolver la principal limitación para el desarrollo del sector agrícola del Líbano: la falta de agua.

B. Financiación propuesta

Términos y condiciones

2. Se propone que el FIDA conceda a la República Libanesa un préstamo de DEG 2,60 millones (equivalente a USD 4 millones, aproximadamente), en condiciones ordinarias, y una donación de DEG 0,40 millones (equivalentes a USD 0,60 millones, aproximadamente), para contribuir a financiar el Proyecto de Desarrollo Agrícola Sostenible en Zonas Montañosas. El préstamo tendrá un plazo de 18 años, incluido un período de gracia de tres, con un tipo de interés igual al tipo de interés anual de referencia que el Fondo determine cada año.

Relación con el sistema de asignación de recursos basado en los resultados (PBAS) del FIDA

3. La asignación que corresponde a la República Libanesa con arreglo al PBAS es de USD 4,8 millones durante el ciclo de asignación de tres años (2007-2009).

Relación con los criterios relativos al marco nacional de gastos a medio plazo

4. El presente proyecto se integra plenamente en el marco de gastos a medio plazo establecido por el Gobierno.

Carga de la deuda del país y capacidad de absorción del Estado

5. El Líbano está clasificado como un país con "semáforo verde", es decir, con riesgo bajo por lo que se refiere a la sostenibilidad de la deuda. A pesar de su vulnerabilidad en algunos aspectos, el país ha obtenido buenos resultados macroeconómicos, en parte gracias a políticas prudentes y a la mejora de la situación política y de seguridad tras el acuerdo de Doha de mayo de 2008. El crecimiento real del PIB superó el 8% en 2008 y la relación entre la deuda y el PIB se redujo en seis puntos de porcentaje, de modo que ha quedado en el 162% del PIB. El Gobierno tiene un buen historial de reembolso de los préstamos del FIDA.

Flujo de fondos

6. La financiación del FIDA se suministrará al Plan Verde a través del Ministerio de Finanzas. El Plan canalizará los fondos a las cuentas del proyecto con arreglo a los procedimientos del Plan Verde y sobre la base de los planes operativos anuales aprobados.

Disposiciones de supervisión

7. El proyecto estará supervisado directamente por el FIDA.

Excepciones a las *Condiciones Generales para la Financiación del Desarrollo Agrícola* y las políticas operacionales del FIDA

8. No se prevén excepciones.

Gobernanza

9. Se han previsto las medidas siguientes para mejorar los aspectos de la financiación del FIDA relacionados con la gobernanza: i) adopción, en el marco del proyecto, de un enfoque participativo e impulsado por la demanda con mecanismos adecuados para que los beneficiarios y las administraciones locales participen en la focalización; ii) auditorías anuales independientes de las cuentas y los estados financieros, que se realizarán con arreglo a normas internacionales, y iii) supervisión directa y apoyo a la ejecución a cargo del FIDA.

C. Grupo-objetivo y participación**Grupo-objetivo**

10. El grupo-objetivo estará formado por pequeños agricultores pobres de distintas comunidades y zonas montañosas que se vieron directa o indirectamente afectados por la guerra de julio de 2006. El proyecto se centrará en las zonas siguientes: Akkar-Dannieh, norte de Baalbeck y Hermel, sur y delta del Litani y el Monte Líbano, entre otras zonas habitadas por la población-objetivo. Los beneficiarios del proyecto serán seleccionados entre los 24 000 hogares pobres y muy pobres que se estima que viven en esas zonas.

Criterios de focalización

11. Con arreglo a la política de focalización del FIDA y el marco para la incorporación de una perspectiva de género a las operaciones del FIDA, en el proyecto se aplicará un enfoque de focalización basado en procedimientos generales de focalización geográfica y de focalización con arreglo al género, junto a mecanismos de autofocalización, focalización directa, facilitación, empoderamiento y creación de capacidad para los distintos componentes y actividades del proyecto.

Participación

12. El proyecto se basa en la identificación, con criterios participativos y sistemáticos, de lugares para construir estanques en ladera y de oportunidades de inversión para establecer en los municipios elegidos centros de servicios para agricultores. El grado de prioridad de dichas inversiones se establecerá en función del impacto que puedan tener sobre la pobreza y de su rendimiento por lo que se refiere a la sostenibilidad, la viabilidad institucional y la generación de empleo rural.

D. Objetivos de desarrollo**Objetivos principales del proyecto**

13. El objetivo general del proyecto es reducir la pobreza rural aumentando sustancialmente la productividad agrícola y los ingresos de los hogares-objetivo de la zona del proyecto. Esto se logrará mediante: i) la mejora de la gestión del suelo y el agua y el fomento de sistemas de recogida de agua en pequeña y mediana escala y de medidas de conservación del suelo y el agua y; ii) el aumento de la

productividad agrícola y la mejora de los vínculos con el mercado para los pequeños agricultores gracias a la prestación de servicios de apoyo técnico, y iii) el fortalecimiento de la capacidad de los organismos de ejecución del proyecto y las organizaciones de agricultores.

Objetivos institucionales y de políticas

14. Además del aumento de la capacidad local, el proyecto promoverá la creación de un clima favorable para integrar las mejores prácticas de gestión sostenible de la tierra en las estrategias y programas nacionales de desarrollo, principalmente revisando las políticas y el marco jurídico vigentes en materia de asociaciones de usuarios de agua y procurando interesar a otros donantes para que ayuden al Gobierno a actualizar el marco jurídico de las asociaciones de usuarios de agua y promover el establecimiento de esas asociaciones.

Alineación con la política y la estrategia del FIDA

15. Con el diseño del proyecto se han aprovechado las experiencias y enseñanzas extraídas en el Líbano y en otros lugares de la región. El proyecto se ajusta a las prioridades estratégicas del documento sobre oportunidades estratégicas nacionales (COSOP) definidas por el FIDA en 2000, por lo que respecta a la mejora de la eficiencia en la utilización del agua, el aumento del valor agregado para los productos agrícolas, la promoción de las organizaciones de base y el empoderamiento de las mujeres rurales. Además, se ajusta a los distintos objetivos del *Marco Estratégico del FIDA (2007-2010)*.

E. Armonización y alineación

Alineación con las prioridades nacionales

16. El proyecto está plenamente alineado con los objetivos del Gobierno por lo que se refiere al alivio de la pobreza rural y la recuperación económica en las zonas rurales tras el conflicto, y también con las prioridades en materia de desarrollo y gestión de los recursos hídricos e introducción de servicios sostenibles de apoyo a la extensión y comercialización agrícolas mediante asociaciones entre el sector público y el privado. El proyecto contribuirá a hacer operativos elementos y prioridades importantes de la estrategia nacional de agricultura aprobada en 2005 y del plan quinquenal de trabajo en que se basó la solicitud formulada por el Gobierno para que se financiara el presente proyecto.

Armonización con los asociados en el desarrollo

17. Además de la cofinanciación por valor de USD 8,4 millones del Fondo OPEP para el Desarrollo Internacional, se procurará establecer un marco de colaboración para la ejecución que comprenda los mecanismos nacionales de coordinación para el diálogo entre los donantes y entre los donantes y el Gobierno, incluidas las administraciones locales, integrados en los sistemas de planificación de las comunidades y municipios para seleccionar subproyectos de inversión y racionalizar y armonizar la asistencia externa al desarrollo. Con este marco, el proyecto procurará establecer sinergias entre las actividades del proyecto y las iniciativas de donantes internacionales y bilaterales asociados que intervengan en cuestiones de desarrollo regional y rural.

F. Componentes y categorías de gastos

Componentes principales

18. El proyecto consta de los tres componentes siguientes: i) fomento de medidas de conservación del suelo y el agua; ii) apoyo técnico a los agricultores, y iii) coordinación y administración del proyecto.

Categorías de gastos

19. Se prevén cinco categorías de gastos: i) obras públicas, que constituyen la categoría de gastos más importante y suponen el 45% del costo del proyecto; ii) vehículos y equipo; iii) asistencia técnica, estudios, talleres y capacitación; iv) costos ordinarios, que abarcan los costos de funcionamiento y mantenimiento, los sueldos y otros gastos de operaciones, y v) costos no asignados.

G. Gestión, responsabilidades de ejecución y asociaciones

Principales asociados en la ejecución

20. Los principales asociados en la ejecución serán: i) el Ministerio de Agricultura en calidad de organismo principal y responsable del proyecto; ii) el Plan Verde que, bajo los auspicios del Ministerio de Agricultura, será la entidad encargada del fomento de medidas de conservación del suelo y el agua, así como de la administración y coordinación generales del proyecto (componentes 1 y 3); iii) la Dirección de Estudios y Coordinación, dependiente del Ministerio de Agricultura, que será responsable del apoyo técnico a los agricultores (componente 2); iv) ONG nacionales y locales; v) municipios; vi) instituciones de base, y vii) los beneficiarios dedicados a actividades empresariales privadas, consultores del sector privado y representantes de las instituciones locales de educación superior.

Responsabilidades de ejecución

21. El Ministerio de Agricultura, a través de un organismo autónomo dedicado al desarrollo, denominado Plan Verde, se encargará de la supervisión del proyecto. El presidente del Comité Ejecutivo del Plan Verde ejercerá las funciones de director del proyecto. El director del proyecto será plenamente responsable de la ejecución de las actividades del proyecto y deberá rendir cuentas al respecto. Se nombrará a un administrador del proyecto para dirigir la unidad de administración del proyecto en el marco del Plan Verde. El administrador del proyecto rendirá cuentas al presidente del Comité Ejecutivo del Plan Verde en materia de apoyo administrativo y acceso al comité directivo del proyecto. En las actividades sobre el terreno, las unidades básicas de ejecución del proyecto estarán formadas por equipos multidisciplinarios sobre el terreno que se destinarán a las zonas en que se centrará el proyecto. Serán el vínculo entre la unidad de administración del proyecto, las oficinas regionales del Plan Verde y del Ministerio de Agricultura, y los interesados locales como los agricultores, las comunidades, las ONG y los centros de servicios para agricultores.

Función de la asistencia técnica

22. La capacidad del país para ejecutar proyectos financiados por el FIDA es satisfactoria, lo que minimiza la necesidad de asistencia técnica internacional. Expertos locales colaborarán en diversos elementos del proyecto suministrando asistencia a los centros de servicios para agricultores, las asociaciones de usuarios de agua y las cooperativas de agricultores, introduciendo tecnologías agrícolas modernas y prestando apoyo a las agroindustrias, las pequeñas y medianas empresas rurales y las empresas de elaboración de productos agrícolas.

Estado de los principales acuerdos de ejecución

23. La unidad de administración del proyecto operará en el marco del Plan Verde con arreglo a planes operativos anuales acordados. La contratación, que se utilizará en la mayor parte de las actividades de ejecución, se iniciará cuando el proyecto haya entrado en vigor y se realizará de acuerdo con los procedimientos de adquisición del Gobierno y del FIDA. Esto supondrá contratar los servicios de asociados en la ejecución, con arreglo a contratos de servicios basados en los resultados que se ajustarán a las condiciones de los convenios de financiación y donación.

Principales asociados financieros y cantidades comprometidas

24. Los costos totales del proyecto ascienden a USD 16,64 millones durante un período de seis años. Las fuentes de financiación son: un préstamo y una donación del FIDA (USD 4,60 millones, es decir, el 28% de los costos), el Fondo OPEP para el Desarrollo Internacional (USD 8,40 millones, es decir, el 51%), el Gobierno (USD 1,75 millones, es decir, el 10%), y los beneficiarios (USD 1,88 millones, es decir, el 11%).

H. Beneficios y justificación económica y financiera

Principales categorías de beneficios generados

25. Los principales beneficios previstos son el aumento de los ingresos de los agricultores gracias al mayor rendimiento de los cultivos. Los beneficios se obtendrán gracias a: i) el aumento del rendimiento de los cultivos, principalmente los de frutas y hortalizas de valor elevado; ii) la reducción de las pérdidas posteriores a la cosecha; iii) la comercialización de una mayor proporción de los productos de las explotaciones agrícolas; iv) la mejora de la calidad de los productos, y v) el incremento de las oportunidades de empleo.

Viabilidad económica y financiera

26. Puesto que las actividades del proyecto estarán impulsadas principalmente por la demanda, no es viable realizar un análisis económico y financiero de carácter general. No obstante, los modelos de explotaciones agrícolas y actividades empresariales elaborados durante la fase de diseño presentan rendimientos satisfactorios.

I. Gestión de conocimientos, innovación y ampliación de escala

Disposiciones relativas a la gestión de conocimientos

27. Los funcionarios de seguimiento y evaluación (SyE) y de gestión de los conocimientos (para SyE) de la unidad de administración del proyecto estarán a cargo de la gestión de los conocimientos y las responsabilidades de comunicación del proyecto. Esos funcionarios se ocuparán de reunir conocimientos, presentarlos y difundirlos mejor entre los grupos-objetivo del proyecto. El equipo de administración del proyecto en el país y el FIDA se encargarán de reunir y difundir información sobre el proyecto y de facilitarla a los demás interesados del país. El proyecto formará parte directa de las distintas iniciativas regionales de establecimiento de redes de conocimientos apoyadas por el FIDA, como KariaNet¹ y CaMaRI².

Innovaciones en el desarrollo que el proyecto promoverá

28. Entre las innovaciones contenidas en el proyecto figuran: i) el establecimiento y la administración sostenible de los centros de servicios para agricultores que servirán de modelo para los servicios integrados de calidad elevada ofrecidos a los agricultores en materia de extensión y apoyo a la comercialización, ayudarán a las organizaciones de agricultores a transformarse en empresas y contribuirán a establecer enlaces entre los agricultores y diversas instituciones públicas y privadas, y ii) la transformación del enfoque que se aplica en el marco del Plan Verde al desarrollo local y la gestión sostenible de la tierra por lo que se refiere a la focalización, el suministro y la aplicación de conjuntos de instrumentos para la gestión integrada y sostenible de la tierra y a las actividades de seguimiento y evaluación basadas en los resultados.

Ampliación de la escala

29. La validación y la ampliación de la escala de las innovaciones tecnológicas e institucionales son cuestiones que están integradas en el proyecto y hay buenas perspectivas por lo que se refiere a futuras posibilidades de expansión. Las principales innovaciones son las relativas al sistema integrado de pequeños

¹ Red de acceso a los conocimientos para las zonas rurales con conexión a Internet.

² Programa de creación de capacidad para una gestión orientada a los resultados y el impacto.

estanques en ladera y planes de microrriego y a los centros de servicios para agricultores. Además, las experiencias y las enseñanzas que se extraigan durante el proyecto se integrarán y aplicarán de forma general en las estrategias, políticas y programas de desarrollo a nivel nacional.

J. Riesgos más importantes

Riesgos más importantes y medidas de atenuación

30. El proyecto se enfrenta a los cuatro riesgos principales siguientes: i) demoras en la ratificación parlamentaria del convenio de financiación debidas a cuestiones políticas; ii) riesgos técnicos relativos a la selección de lugares para construir estanques en ladera y a deficiencias en el nivel técnico de las empresas de consultoría del país dedicadas a obras de ingeniería; iii) limitaciones en materia de comercialización de los productos básicos apoyados por los centros de servicios para agricultores y de sostenibilidad de esos centros, y iv) posibilidad de que no se produzca la coordinación necesaria con otros proyectos en curso y de que no se materialicen las sinergias. Las medidas de atenuación previstas en el proyecto son: i) la donación del FIDA financiará el primer año de ejecución del proyecto; ii) el manual de ejecución del proyecto expondrá con detalle criterios rigurosos para la selección de los lugares de construcción y la asistencia del Ministerio de Recursos Hídricos y Energía minimizará los riesgos; iii) la realización de estudios fiables de evaluación *ex ante* y de viabilidad por parte de los centros de servicios para agricultores, y iv) el fortalecimiento de las medidas de cooperación e intercambio de conocimientos del equipo del FIDA en el país. Además, durante las misiones de supervisión directa, el FIDA prestará una atención especial a cuestiones como la movilización de las comunidades y la sostenibilidad de los centros de servicios para agricultores.

Clasificación ambiental

31. De conformidad con los procedimientos del FIDA para la evaluación ambiental, se ha asignado al proyecto la categoría B por considerarse que es poco probable que tenga un impacto ambiental negativo.

K. Sostenibilidad

32. La sostenibilidad posterior al proyecto se basará en un nivel mínimo de dependencia del apoyo gubernamental tras la inversión inicial y en la fase de fomento de la capacidad y fortalecimiento de las organizaciones de productores que financiará el proyecto. La estrategia de salida del proyecto se centrará en la sostenibilidad de las inversiones planificadas, que quedará asegurada gracias a la participación de los beneficiarios y a la identificación de éstos con las actividades del proyecto. Al final del proyecto, las asociaciones de usuarios de agua se encargarán totalmente del funcionamiento y el mantenimiento de las infraestructuras de riego y de otro tipo que se hayan construido durante el proyecto. Asimismo, la gestión de los centros de servicios para agricultores estará a cargo de cooperativas independientes que operarán con arreglo a criterios comerciales.

II. Instrumentos y facultades jurídicos

33. Los convenios de financiación y donación entre la República Libanesa y el FIDA constituyen el instrumento jurídico para la concesión de la financiación propuesta al prestatario/receptor. Se adjunta como anexo una copia del convenio de financiación negociado y del convenio de donación.
34. La República Libanesa está facultada por su legislación para recibir financiación del FIDA.
35. Me consta que la financiación propuesta se ajusta a lo dispuesto en el *Convenio Constitutivo del FIDA* y las *Políticas y Criterios en materia de Préstamos*.

III. Recomendación

36. Recomiendo a la Junta Ejecutiva que apruebe la financiación propuesta de acuerdo con los términos de la resolución siguiente:

RESUELVE: que el Fondo conceda un préstamo en condiciones ordinarias a la República Libanesa, por una cuantía equivalente a dos millones seiscientos mil derechos especiales de giro (DEG 2 600 000), cuyos términos y condiciones se ajustarán sustancialmente a los presentados en este informe.

RESUELVE ADEMÁS: que el Fondo conceda una donación a la República Libanesa, por una cuantía equivalente a cuatrocientos mil derechos especiales de giro (DEG 400 000), cuyos términos y condiciones se ajustarán sustancialmente a los presentados en este informe.

Kanayo F. Nwanze
Presidente

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. 					
	2.1 At least 3 FSCs established to provide demand-driven marketing and extension services <ul style="list-style-type: none"> Number of farmers trained and adopting extension messages. 4500 of the targeted households receive FSC extension services. FSC performance results developing in line with business plan forecasts. 					
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.	2.2 Extension and marketing support in focus areas results in improved income and production <ul style="list-style-type: none"> Farmer production capability and income in as a direct result of the FSC support. Number of farmers adopting production practices that reflect market demand. 	<ul style="list-style-type: none"> Field supervision reports. FSCs progress and financial reports. Field visits by PMU and IFAD. Direct feedback from beneficiary farmers. NGOs reports Secondary information on marketing and export from the focus areas. 	<ul style="list-style-type: none"> Availability of qualified NGOs for the management of FSCs; Farm households are receptive and engage in project activities. Market access and demand secured. Favourable prices to motivate farmers Cooperation among farmers Legal and social challenges are overcome. 			
	2.3 FSCs operate efficiently and provide services on a commercial basis to ensure sustainability <ul style="list-style-type: none"> A minimum of 25% of the farmers of the project area use FSC services in year 1. By 5th year, FSCs recover 100% of their recurrent costs. 					
	2.4 Market linkages established and farmer marketing channels improved in focus areas. <ul style="list-style-type: none"> Annual increase in quantity of local produce marketed by FSCs. Number of long-term supply contracts established between FSC and farmers in project focus areas. 					
	2.5 Increased collaboration with other FSCs and relevant institutions, projects, and private sector. <ul style="list-style-type: none"> FSC linked with any national network of extension support and market information services Regular contact with Ministry of Agriculture at regional and national level. 					
	2.6 Development of Farmers' groups and associations is supported and strengthened. <ul style="list-style-type: none"> Number of participating farmer groups established and strengthened. By end of year 2, 100% of participating farmers groups and associations attained proper legal status 					
	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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