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Syrian Arab Republic

Country strategic opportunities programme

Executive Board — Ninety-eighth Session Rome, 15-17 December 2009

For: **Review**

Note to Executive Board Directors

This document is submitted for review by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

Abdelhamid Abdouli

Country Programme Manager telephone: +39 06 5459 2248 e-mail: a.abdouli@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer telephone: +39 06 5459 2374 e-mail: d.mcgrenra@ifad.org

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Abbreviations and acronyms

ACB Agricultural Cooperative Bank

ACSAD Arab Center for the Studies of Arid Zones and Dry Lands

AFESD Arab Fund for Economic and Social Development

BRDP Badia Rangelands Development Project
COSOP country strategic opportunities programme

FAO Food and Agriculture Organization of the United Nations

FYP Five-Year Plan

GEF Global Environment Facility

ICARDA International Center for Agricultural Research in the Dry Areas

ILDP Integrated Livestock Development Project

IRDP Idleb Rural Development Project

JICA Japan International Cooperation Agency
KfW German Credit Institution for Reconstruction

(Kreditanstalt für Wiederaufbau)

M&E monitoring and evaluation

MAAR Ministry of Agriculture and Agrarian Reform

MFI microfinance institution

NERRDP North-eastern Region Rural Development Project

OFID OPEC Fund for International Development PBAS performance-based allocation system

SPC State Planning Commission

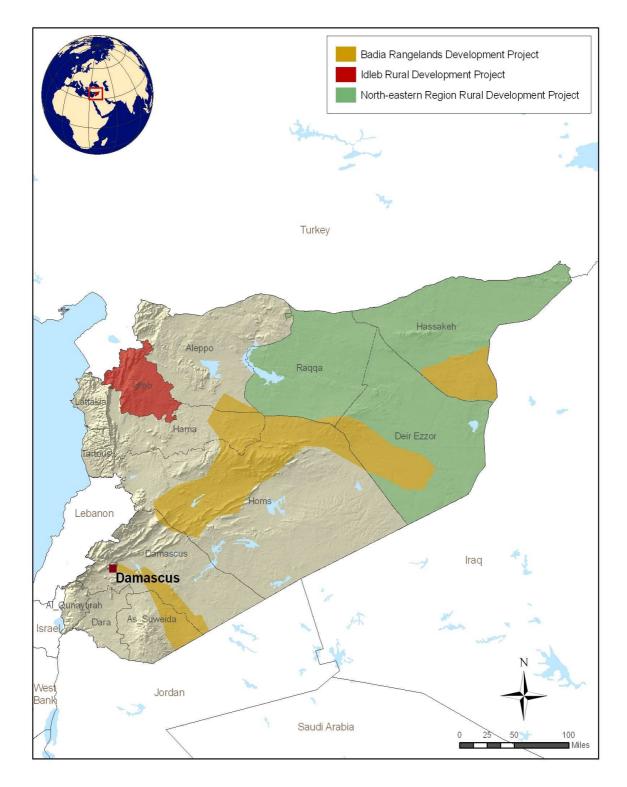
SBM small business and microenterprise UNDP United Nations Development Programme

WUA water users' association

Map of IFAD operations in the country

Syrian Arab Republic

IFAD operations in the country



Source: IFAD

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

Summary of country strategy

- 1. Agriculture is the cornerstone of the Syrian Arab Republic's rural economy, employing 25 per cent of the labour force and contributing 24 per cent of GDP (2007). Until recently, the Government pursued a rural social welfare and self-sufficiency policy through the instruments of state socialism: production planning, marketing controls, directed credit and trade restrictions, input and water subsidies. The production, pricing and marketing of seven crops, termed 'strategic crops', which were controlled for many years, occupy 75 per cent of the cultivated area, consume 89 per cent of irrigation water and contribute 60 per cent of value added in agriculture. Currently, only wheat, cotton and sugar beet remain within the centralized planning system. The private sector dominates in the livestock subsector and has almost total control of the production, pricing and marketing of non-strategic crops, fruits and vegetables.
- Poverty has a mainly rural dimension and remains one of the major stumbling blocks confronting the Government. Rural poverty is more prevalent among:

 (i) smallholder farmers and tenant farmers;
 (ii) small-scale herder households;
 (iii) landless;
 (iv) unemployed youth;
 and (v) rural women, particularly womanheaded households.
- 3. IFAD commenced operations in the Syrian Arab Republic in 1982. Its interventions have covered all governorates. By the end of 2008, the Fund had provided a total of US\$126 million in loans to seven development projects, benefiting around 1 million poor rural people. IFAD's comparative advantage lies in its ability to work at the grass-roots community level and in its interventions aimed at combating poverty in marginal areas.
- In line with the poverty reduction objectives of Syria's 10th Five Year Plan, 2006-2010, and the IFAD Strategic Framework 2007-2010, the goal of this country strategic opportunities programme (COSOP) and associated country programme is to ensure improved, diversified and sustainable livelihoods for poor rural people through the attainment of the following three strategic objectives: (a) improved and sustainable management of land and water resources by the poor. Without neglecting rainfed agriculture, emphasis will be placed on developing irrigated agriculture with a concomitant reduction in the percentage of land irrigated by nonrenewable or unlicensed wells; diversifying to high-value crops; improving natural resources management (soil, water and rangelands); and adopting an integrated rural development approach to livestock production; (b) promotion of sustainable rural financial services and pro-poor rural small businesses and microenterprises (SBMs). IFAD will focus on promoting products that support the poorest rural groups, through the development of microfinance institutions (MFIs) and SBMs. The programme will help MFIs by providing them with access to loan funds and technical support in order to diversify their product mix and improve their financial management in accordance with international best practice. The programme will also provide support to SBMs with the aim of establishing efficient value chains for commodities and services to strengthen market links; (c) strengthening the capacity of the rural poor and their organizations (empowering rural communities). Priority action areas include: (i) building up the capacity of communities; (ii) promoting the creation of producer groups and associations of common economic interest; and (iii) encouraging the representation of women and other vulnerable groups in community structures and producer groups.
- 5. The present level of funding available for the Syrian Arab Republic under the performance-based allocation system (PBAS) is expected to increase to US\$27-32 million for the 2010-2012 cycle. Two new projects the Integrated Livestock Development Project and the Al-Khabour River Basin Irrigation Development Project have been identified under the PBAS for processing during the period covered by this COSOP.

Syrian Arab Republic

Country strategic opportunities programme

I. Introduction

1. The country strategic opportunities programme (COSOP) for the Syrian Arab Republic, covering the period 2010-2015, is the outcome of a participatory process of consultation with the main stakeholders involved in combating rural poverty. It reviews opportunities available to help reduce rural poverty over the stated period, and describes how IFAD will complement the efforts of the Government and of other development partners. The strategic objectives identified in the COSOP are well aligned both with the Millennium Development Goals and with the Syrian Arab Republic's strategy for reducing poverty (10th Five Year Plan [FYP], 2006-2010, and related Vision 2025), and comply with IFAD's Strategic Framework and priorities. COSOP preparation benefited from lengthy consultations between IFAD and country stakeholders over the period from June 2008 to September 2009; lessons learned from the recently completed and ongoing projects; extensive data review; and focused field visits.

II. Country context

A. Economic, agricultural and rural poverty context Country economic background

- 2. With a population of 19.5 million, 37 per cent of which is under 15 years of age, and with a per capita income of US\$1,570 (2006), the Syrian Arab Republic qualifies as a lower middle-income country. In 2006, the country achieved a Human Development Index¹ rating of 0.736 and was ranked 105th out of 179 countries. Overall, the Syrian Arab Republic's social indicators are good and improving: for instance, primary school enrolment is almost universal; adult literacy² rate is 82.5 per cent; life expectancy at birth is 73.9 years; and child malnutrition stands at 10 per cent.
- 3. The Syrian Arab Republic's overall economic growth remained strong in 2007-2008.³ In spite of decreased oil production and unfavourable weather conditions, growth in real gross domestic product (GDP) averaged 5.4 per cent in 2004-2006 and 4 per cent in 2007. For 2008, it was expected to rise to 5 per cent, reflecting the country's efforts to institute a social market economy. Much has been done, including liberalizing trade and monetary policy, unifying the exchange rate and deregulating the banking system. All non-oil sectors, except agriculture, have continued to make strong progress, with real non-oil GDP growth estimated at 6 per cent in 2007. By mid-2008, however, inflation had accelerated to 17 per cent, up from 5 per cent in 2007. The fiscal deficit increased to 3.5 per cent of GDP in 2007 (projected to remain at 3 per cent in 2008). The external current account reached 4 per cent of GDP in 2008, up from 3.3 per cent in 2007. External and public debts remain manageable at 25 per cent and 39 per cent of GDP respectively.
- 4. **An economy facing significant challenges**. The Syrian Arab Republic's economic growth has not been pro-poor and the incidence of inequality has become even more marked. The strong population growth of recent years has led to a steady rise in unemployment (11.7 per cent in 2005 and an expected 20 per cent by the end of the decade), especially among young people. The labour market is unable to absorb the 380,000 new job-seekers each year. Public enterprises provide employment to

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¹ United Nations Development Programme (UNDP). 2008. Human Development Indices, Statistical Update 2008.

³ International Monetary Fund. Public Information Notices (PINs), 29 October 2008 and 26 January 2009.

only 7 per cent of the country's labour force. Therefore, the burden of job creation falls on agriculture, construction, manufacturing and services.

Agriculture and rural poverty

- Agriculture is crucial to the Syrian Arab Republic's economy. Agriculture is the cornerstone of the Syrian Arab Republic's rural economy, employing one fourth of the labour force and contributing 24 per cent of GDP (2007). Limited privatesector manufacturing and service-sector growth has led to greater dependence on agriculture. In the 10 years up to 2004, the real value-added component of the agricultural sector rose by 1.9 per cent each year and employment in agriculture grew by 2.3 per cent. The 1994 agricultural census states that the main occupation of 410,000 landholders (i.e. 71 per cent of all landholders) is farming. Some 40,000 livestock owners and herders are landless. Until recently, the Government pursued a rural social welfare and self-sufficiency policy through the instruments of state socialism: production planning, marketing controls, directed credit and trade restrictions, in addition to price, input and water subsidies. The production, pricing and marketing of seven crops, termed 'strategic crops' - barley, chick pea, cotton, lentil, sugar beet, tobacco, wheat - which were centrally planned, occupy 75 per cent of the cultivated area, consume 89 per cent of irrigation water and contribute 60 per cent of value-added in agriculture. At the present time, only wheat, cotton and sugar beet remain within the centralized planning system. The Syrian Arab Republic's agricultural policy has skewed agricultural growth in favour of low-value strategic crops while stunting the development of the competitive fruit, vegetable and meat subsectors. The private sector dominates in the livestock subsector and has almost total control of the production, pricing and marketing of non-strategic crops, fruits and vegetables.
- 6. The livestock subsector plays a significant role in the Syrian economy. Livestock accounts for 35 per cent of the value of agricultural production and for 15 per cent of agricultural exports. Most livestock husbandry is carried out on smallholdings and is the activity most preferred by small-scale producers, landless farmers and rural women. However, the potential of the subsector is constrained by several factors: small size of herds; low productivity; limited genetic improvement; unbalanced rations and inefficient feed conversion; and lack of well-trained animal husbandry specialists. Effective farmer/herder organizations would help remove some of these constraints, particularly with regard to input procurement, product marketing and demand-driven research and extension.
- 7. **Ineffective agricultural subsidies**. The Syrian Government has built up a system of agricultural subsidies that account for 4 per cent of GDP.⁴ Given that 28 per cent of farmers operate 75 per cent of the irrigated land and that 49 per cent operate only 10 per cent of the irrigated land, most subsidized commodity production is in the hands of better-off households. Thus, **agricultural subsidies**, **although expensive**, **do not target the poor effectively**; **their direct benefits go mostly to the richer households**. Furthermore, subsidized diesel fuel and electricity distort the economics of pumping, with the result that farmers add large volumes of water while achieving little additional yield and are reluctant to adopt water-saving irrigation systems.
- 8. **A limited, deteriorating agricultural resource base**. The Syrian Arab Republic is a semi-arid country, with 55 per cent of its territory comprising natural pastures, desert and mountains. Land degradation and encroaching desertification are severe (about 18 per cent of the surface area is seriously affected). On average, 55 per cent of the country receives less than 200 mm of rainfall annually, and only a small area (15 per cent) receives more than 350 mm. Holdings are mostly small, with 56 per cent of them under 2 ha. The irrigated area increased from 0.65 million ha in 1985 to 1.4 million ha in 2004. Some 60 per cent of that area used groundwater from privately developed and operated wells, of which more than

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⁴ World Bank, Syria-Agriculture - Towards the Social Market, October 2008.

55 per cent were illegal. The growth model, based on subsidized irrigated field crops (energy subsidies, price support and trade protection), encouraged uneconomic water use, which in turn led to depletion of the country's water resources. Unsustainable groundwater use has caused overexploitation and pollution in many areas. With its major rivers originating outside its borders, the Syrian Arab Republic depends heavily (80 per cent) on international waters. The overall water deficit currently stands at 30 per cent of available renewable supply, varying distinctly across basins, and the situation is expected to worsen owing to the volume of water used for agriculture and a sharp increase in urban water demand. Only three of the seven water basins have positive annual water balances. Agricultural production is inevitably vulnerable to climate change, with periods of drought that cause sharp drops in GDP. Observers consider that the natural cycle of drought in the Syrian Arab Republic is becoming more frequent – a foreseeable impact of climate change.

- Climate change. According to 'Vulnerability Assessment and Adaptation of Climate Sector in Syria', ⁷ a subreport of Syria's Initial National Communication, potential climate changes in the eastern Mediterranean over the next 50 years are as follows: (i) temperatures will increase by 2 degrees Celsius in the north-western and southeastern regions of the Syrian Arab Republic, while the rest of the country will see increases of at least 1 degree Celsius; (ii) rainfall will increase throughout the region during summer and autumn; and (iii) sea levels will rise by 70 cm by 2100. The same report concludes that there will be an increase of 9 per cent in water requirements for wheat, which, if not met, will result in yields reduced by 10 per cent. For cotton, water needs will increase by 8 per cent, which, if not met, will mean a 5 per cent reduction in yields. For olive trees, water requirements will increase by around 10 per cent, which, if not met, could mean a 5 per cent reduction in yields. Badly needed adaptation measures include the use of heat- and drought-tolerant cultivars; better cropping practices (optimum sowing date, improved cultivars, water quantities and scheduling, and plant density); modernized water management practices and better irrigation technology; use of supplementary irrigation; and application of conservation farming to increase the effectiveness of
- 10. **Major obstacles to agricultural growth**. The farming structure in the Syrian Arab Republic is dominated by smallholdings (56 per cent of holdings cover less than 2 ha) and low productivity. Steps have been taken to liberalize the rigid socialist economy, but the Government fearing domestic reprisals has repeatedly delayed plans to eliminate subsidies in order to keep consumer prices artificially low, leading to a further drop in farm gate prices. While government strategies and plans constantly target agriculture as a leading sector, the obstacles to rapid agricultural sector growth are many. These include unfavourable climatic conditions and scarce water; limited cultivable land; deteriorating soil fertility; small, scattered and fragmented landholdings; limited access to formal credit, which impedes productive asset creation and development of SBMs; and limited application of modern agricultural technologies, coupled with weak farm support services. Local markets are underdeveloped and the marketing infrastructure (packing facilities, grading and cold storage) is poor, leading to much loss and waste. Market information is lacking on prices, volumes and quality standards, especially for European and Gulf markets.
- 11. **Poverty has a mainly rural dimension**. According to the United Nations Development Programme (UNDP), poverty⁸ in the Syrian Arab Republic (2003-2004) affects 11.4 per cent of the population. However, when using the higher household-specific expenditure poverty line, this figure rises to 30.1 per cent. Poverty is higher

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⁵ Varela-Ortega C. and Sagorday J. 2001. Final report on agricultural water use, Food and Agriculture Organization of the United Nations. Project GCP/SYR/006/ITA.

⁶ http://www.irinnews.org/Report.aspx?ReportId=79006#.

⁷ Meslmani Y. 2008.

⁸ UNDP. Household Income and Expenditure Survey, 2005. The 'lower' poverty line reflects a basket of basic food and non-food needs, i.e. essential requirements. The 'upper' poverty line reflects actual consumption expenditure of the poor or reasonable requirements.

in the rural areas than in the urban areas (62 per cent and 38 per cent respectively). The north-western and north-eastern regions (provinces of Idleb, Aleppo, Ragga, Deir Ezzor and Hassakeh), which contain 45 per cent of the population, register the highest incidence, depth and severity of poverty (58.1 per cent). A number of factors suggest that the poverty situation has worsened in recent years and that many of those formerly living just above the poverty line have probably now joined the poor. Of the rural poor, 23 per cent are self-employed (on- and off-farm activities); 36 per cent are wage workers; 26 per cent are unpaid workers (family labour); and 15 per cent are unemployed (IFAD-Rural Poverty Assessment and Mapping study, 2006). In one way or another, most of the rural population is involved in agriculture; non-agricultural rural employment is still limited. Limited access to land, water, services and markets reduces the ability of individuals and households to earn a reasonable living from farming. In 2008, the Ministry of Agriculture and Agrarian Reform (MAAR) established the Agricultural Support Fund to help smallholder farmers cope with soaring input prices and improve food security. In response to a request from the Government, IFAD has reallocated SDR 1 million from its loan to the Badia Rangelands Development Project (BRDP) to this support fund.

- 12. **Target group.** Rural poverty is more prevalent among: (i) **smallholder farmers and tenant farmers**, who are unable to earn a minimum living from farming and are obliged to supplement their income through wage labour, livestock and off-farm economic activities; (ii) **small-scale herder** households, who own 50-100 sheep and/or goats as their main source of income. These households are also obliged to supplement their income by working abroad or elsewhere in the country; (iii) **landless** people who rely, for the bulk of their income, on selling their labour both within the Syrian Arab Republic and in neighbouring countries; (iv) **unemployed youth**, who are unable to set up their own households, without any income or possibility of work either locally or abroad; and (v) **rural women**, particularly woman-headed households.
- 13. Rural women and woman-headed households play a major role in rural economic life. Farming is becoming increasingly feminized inasmuch as men take up mainly non-agricultural employment. Women are the mainstay of smallholder agriculture because they do most of the crop cultivation work and tend to the livestock. They also have little likelihood of improving their lives because they have limited access to assets and land (despite the Islamic inheritance law), are largely excluded from credit and income-earning activities, and have little say in decisions at the household level and in public affairs. Illiteracy is more prevalent among women and the rates of primary school enrolment are lower for girls than for boys. Despite women's close involvement in agriculture, their work is largely defined as 'family labour' and they are not considered for extension and most other such interventions. They are poor and marginalized, and therefore constitute a particularly specific IFAD target group.
- 14. **Rural households and food insecurity.** Some 62 per cent of the rural poor are food-insecure or vulnerable to food insecurity. As food-insecure rural households tend to have less land and own fewer heads of livestock, they find it difficult to produce all the food they need and poverty prevents them from satisfying their food needs on the market. Exemplifying the Government's determination to eradicate hunger and strengthen food security, a Government/Food and Agriculture Organization of the United Nations (FAO) initiative the National Programme for Food Security was launched⁹ in February 2009. Under the overall coordination of the National Agricultural Policy Center, formulation of the programme will be completed by end-2009. The programme will comprise the following thematic groups: (i) household food security, livelihoods and nutrition; (ii) agricultural and

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⁹ http://www.napcsyr.org.

rural institutions; (iii) safety nets; (iv) smallholder agricultural production; (v) water management; and (iv) smallholder animal production.

B. Policy, strategy and institutional context National institutional context

- 15. IFAD's entry point will continue to be the State Planning Commission (SPC), which is the official government channel in charge of external debt management and economic planning. The lead agency will continue to be MAAR, which is currently responsible for the three ongoing IFAD-funded projects, operating through a number of directorates at the central and provincial levels. The Directorate of International Cooperation is responsible for all externally-funded programmes, including the IFAD interventions, and reports directly to the Minister for Agriculture. The central line directorates concerned with national-level policy development provide a minimum of technical support and backstopping to provincial- and field-level staff. The Ministry of Irrigation has overall responsibility for the country's water resources, including groundwater monitoring, and for issuing licences for groundwater wells and irrigation infrastructure above the farm level.
- 16. In terms of service providers, IFAD has worked in partnership with the General Commission for Scientific Agricultural Research with regard to technology transfer, and with the International Center for Agricultural Research in the Dry Areas (ICARDA) and the Arab Center for the Studies of Arid Zones and Dry Lands (ACSAD). Headquartered in Damascus, these centres have provided capacity-building assistance to national research institutions and conducted research on improving agricultural productivity and food security, climate change, natural resources management, and value chains and markets. The Agricultural Cooperative Bank (ACB) was an early IFAD partner in delivering credit to farmers.

National rural poverty reduction strategy

- 17. The Government's strategy for poverty reduction is articulated in its 10th Five-Year Plan (FYP) for 2006-2010, together with a vision for 2025. The main strategic objectives of the 10th FYP are to: (a) raise the educational level of poor households and combat illiteracy; (b) improve social services in the poorest regions; (c) develop social safety nets; (d) formulate financial policies that target the poor and improve income distribution; (e) ensure the access of the poor to financial resources by developing the concept of microfinance; and (f) empower local and civil communities to play a greater role in the development process. The quantitative targets of Vision 2025 are to: eradicate illiteracy; halve poverty by 2015; and attain an economic growth of 7 per cent during the period 2005-2025, associated with yearly population increases of less than 2.16 per cent.
- 18. **Reform:** a strategic imperative for the 10th FYP and beyond. The 10th FYP departs from its predecessors in that it aims to mark the transition to a 'social market economy'. The economic policy will be fully based on the market mechanisms of supply and demand to achieve a more efficient distribution of resources. The Government will no longer control investment and market activities, but will work towards creating an enabling environment for investment activities and competitiveness. The Government acknowledges that this new policy can only be implemented if partnerships are forged among government, the private sector and civil society. Local authorities will participate in the formulation and implementation of local and national development plans and mobilize local society and the private sector. The private sector is expected to increase its production and investments, thus contributing to state revenues. NGOs and civil society have an important role to play in implementing social reform and training programmes. Promoting the role of the private sector as an engine of economic growth is one of the priorities of the 10th FYP.

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¹⁰ 10th Five Year Plan, 2006-2010 (http://www.planning.gov.sy/index.php?page_id=24): Chapter 3, Referential Framework. Chapter 7 Agriculture and Irrigation. Chapter 15 Drinking Water and Sanitation. Chapter 25 Decentralization and Community Development.

- 19. Chapter 10 of the 10th FYP acknowledges that agriculture plays a major role in overall economic development and contributes to generating income, ensuring food security, creating new jobs, providing necessary inputs for the food industry and enhancing social stability in the rural areas. It also emphasizes the importance of improving poor people's access to credit by developing a sound and sustainable rural finance system, and adopting technologies and practices to improve productivity and incomes.
- 20. In terms of water resources management and development, the 10th FYP envisages the elaboration of a countrywide plan aimed at the integrated use and management of available resources; meeting water requirements for socio-economic development; quality control; sustainability; and increasing water use efficiency. Specific objectives include applying modern irrigation techniques to 50 per cent of the lands currently irrigated by traditional methods and raising water-use efficiency in such areas up to 80 per cent.
- 21. The 10th FYP places particular emphasis on creating employment opportunities for the poor and unemployed young people. In this context, it aims to: (a) encourage private enterprise and innovation; (b) reduce the Government's responsibility for creating jobs; (c) promote the development and competitiveness of SBMs; (d) develop training, capacity-building and rehabilitation facilities; and (e) create technological and business 'incubators' at the village level.
- 22. The Government accords high priority to reducing poverty and improving the lives of poor households. Within the context of national development objectives and macroeconomic policies, a long list of projects, ranked in three priority groups, has been selected for financing under the 10th FYP. Top priority will be given to participatory poverty-reduction projects that benefit large numbers of poor people and disadvantaged groups. Furthermore, to ensure that targets are met, a comprehensive national system for monitoring poverty is to be established at the SPC, with the participation of representatives of the private sector and civil society.

Harmonization and alignment

- 23. As part of its responsibility for economic planning and external debt management, the SPC maintains regular contacts with the United Nations and other donor-supported programmes to bring greater coherence to development assistance operations and enhance their impact and effectiveness. The SPC coordinates with line ministries to prioritize development needs and actions, and represents the Government on matters pertaining to contributions by international donors and financiers. Through its Directorate of International Cooperation, MAAR is responsible for all externally-financed programmes related to agriculture, including IFAD-funded interventions. UNDP, IFAD and the European Commission work together to help SPC play its role more effectively with respect to donors.
- 24. As a member of the United Nations Country Team with a proxy field presence in Damascus, IFAD has actively participated in a number of inter-agency endeavours. Of particular importance are the United Nations Common Country Assessment and preparation of the United Nations Development Assistance Framework with which, as at present, all future IFAD assistance will be integrated.

III. Lessons from IFAD's experience in the country

A. Past results, impact and performance

25. IFAD commenced operations in the Syrian Arab Republic in 1982, and its interventions have covered all governorates. By the end of 2008, the Fund had provided a total of US\$126 million in loans to seven development projects, the estimated total cost of which amounted to US\$474 million, including US\$205.4 million in cofinancing from other donors (Arab Fund for Economic and Social Development (AFESD), OPEC Fund for International Development (OFID), UNDP and the World Bank), and about US\$142 million in contributions from the

Government and beneficiaries. Four of these interventions – Phases I and II of the Southern Regional Agricultural Development Project, the Jebel al Hoss Agricultural Development Project and the Coastal/Midlands Agricultural Development Project – have been completed. Three others – BRDP, the Idleb Rural Development Project (IRDP) and the North-eastern Region Rural Development Project (NERRDP) – are still ongoing.

- 26. IFAD-funded interventions in the Syrian Arab Republic have benefited around 1 million poor rural people. Large-scale de-rocking and land development were important activities of the projects completed to date, leading to the reclamation of 170,000 ha of land for agriculture and to increased crop and livestock production. De-rocking has had a dramatic effect, similar to that of irrigation in dry areas. Farmers have seen their planting areas increase twofold and their land become more productive and valuable (land value increased by at least 300 per cent). The Syrian Arab Republic's production of apples, almonds and olives has doubled over the past decade. IFAD-funded interventions are responsible for 40 per cent of that increase. A land reclamation assessment study (MAAR/ACSAD, 2005) found that the incomes of more than 100,000 de-rocking beneficiary families had increased substantially. In addition, IFAD-funded interventions have helped participating communities to formulate community action plans; provided safe drinking water and supplementary irrigation (through the drilling of wells, construction of reservoirs and cisterns, and rehabilitation of springs); improved the access of isolated communities to markets and services through the construction/rehabilitation of rural access roads; initiated microfinance activities; and established village sanduqs (an improved version of savings and credit associations).
- 27. In addition to supporting the land reclamation programme, IFAD activities under BRDP cover 3.2 million ha, or 30 per cent of rangelands in eight provinces of the country. So far, project interventions have led to direct economic and environmental benefits for 17,000 families organized into 120 herder associations that are fully involved in project implementation. This was achieved by rehabilitating more than 1 million ha of rangelands, which provided 245 million feed units for 3.5 million small ruminants. Investments related to drinking water supply also covered the construction, equipment and operation of wells, and the rehabilitation of cisterns. Increases of 25 per cent have been observed in the birth and weaning weights of young animals, twinning rates and milk production. Thanks to community development, the BRDP has been able to completely eradicate illiteracy in 41 villages.
- 28. The severe drought of the last two years and increases in most input and product prices have forced many herders to sell a large part of their stock and consequently the number of small ruminants has fallen by around 50 per cent. However, the proportion of flocks sold by BRDP beneficiaries stayed within the average of 25 per cent. Herders outside the project area paid an average of 3,000 Syrian pounds per head to maintain their flocks, while those within the project area paid only 500 Syrian pounds/head because their animals graze on rangelands managed by their herder cooperatives.
- 29. More recently, implementation of NERRDP started up in the three economically depressed governorates of Deir Ezzor, Hassakeh and Raqqa. The project is designed to improve the socio-economic well-being of poorer rural households through: (i) empowerment of rural community organizations; (ii) improved water-use efficiency; (iii) farmers' access to effective advisory services; and (iv) SBM development aimed at creating employment and ensuring access to markets. Improved water management, through the empowerment of water users' associations (WUAs) and investment in modern irrigation, will greatly reduce the likelihood of water sources drying up or becoming saline. Some 140,000 people are expected to benefit directly from project interventions and another 160,000 indirectly.

B. Lessons learned

- 30. As the largest donor operating in the Syrian Arab Republic's agricultural sector, IFAD has acquired a wealth of experience and knowledge relating to the country's rural economy and society. Investment projects (loans and grants) have been used by IFAD as a platform to influence government policy decisions and investments for poverty alleviation. The most important lessons learned include:
 - (a) **Participatory approach.** Although the beneficiaries have been keen to participate in project-supported activities as individuals, this type of involvement is not sufficient to create a structured platform from which the rural poor can direct their own development. Much still needs to be done in terms of mobilizing the beneficiaries, particularly with respect to the development and empowerment of grass-roots organizations. As part of the IFAD agenda for policy dialogue with the Government, the IFAD-supported BRDP, IRDP and more recently NERRDP have been used as entry points to promote the adoption, for the first time in the Syrian Arab Republic, of a large-scale participatory approach by MAAR.
 - (b) **Targeting.** Thanks to improved targeting methods, area targeting is now accepted as the most appropriate way of operating in the Syrian Arab Republic. While this type of mechanism covers wider groups and communities, it could also be coupled with a cost-recovery mechanism designed, on a sliding scale, to ensure that the better-off beneficiaries contribute more.
 - (c) **Gender issues.** While the targeting of women has been successful in the main, it has not always included the poorest women. The approach has been successful in terms of extension and training, but less so in ensuring access to credit. Therefore, activities aimed at women should be more poverty-sensitive and take account of the constraints they face. For example, with a small grant from IFAD, the Italian NGO Women's Association for Development [Associazione Italiana Donne per lo Sviluppo] (AIDOS), in collaboration with the Fund for Integrated Rural Development of Syria, has developed a special women's programme in seven villages in Lattakia. This programme has helped to develop and strengthen institutional arrangements for establishing pilot village business incubators for women's enterprises, which act as counselling orientation/training/business centres for the creation of viable, self-sustaining SBMs.
 - (d) Water resources. Because the depletion of groundwater resources constitutes a real risk, the use of modern irrigation techniques should be encouraged in irrigated areas, wherever relevant in IFAD's interventions. Water-use efficiency has also been addressed through the promotion of WUAs, which is increasingly recognized by the decision-makers as the most appropriate mechanism to sustain water resources. In addition to development of water resources for irrigation, water development for domestic use has proven very responsive to the social needs of the rural poor, but with necessary adjustment in water infrastructure. These issues are being addressed by NERRDP and will be reflected in the design of the proposed new irrigation development project.
 - (e) **Rural finance.** The Agricultural Cooperative Bank had been, up until six years ago, the principal provider of rural finance in IFAD interventions. Many disadvantaged rural women and other poor people still have little or no access to credit because of their inability to provide guarantees acceptable to ACB. IFAD should continue exploring other ways of ensuring that these services reach the poorest. This should include promoting sustainable financial institutions managed and owned by the local population, e.g. *sanduqs*. In the course of policy dialogue with the Government, and using the Jebel al Hoss Agricultural Development Project and IRDP as entry points, microfinance

- systems are increasingly being recognized by decision-makers as appropriate systems likely to make a significant impact on the rural poor.
- (f) Marketing support. Constraints on market access, such as weak infrastructure, lack of rural trade networks and absence of market information, lead to low prices, consumption-oriented production and poor household incomes. IFAD-supported projects should proactively address these constraints and strengthen links between producers and collectors/processors/traders to ensure regularity of market access, value-added products and optimum prices. More emphasis should be placed on the reduction of post-harvest losses and on the need to promote contract farming as one way to enhance small farmers' access to the value chain.
- (g) **Pro-poor demand-driven research and extension.** Research and extension services have been programmed from Damascus following a research-driven, top-down approach with little interaction from farmers or service providers at the governorate level. It is clear that, when generating and/or disseminating agricultural technologies to farmers, the agricultural research and extension services should be more responsive to the needs of small-scale producers and rural women, and place more emphasis on agricultural productivity, marketing of high-value crops, crop-livestock integration and better water management.
- (h) **Sustainability.** Following the closure of completed IFAD projects, their implementation has continued with government funding, thereby reflecting a strong sense of ownership. However, the monitoring and evaluation (M&E) systems of these projects are still weak and need to be strengthened.

IV. IFAD country strategic framework

A. IFAD's comparative advantage at the country level

31. IFAD's comparative advantage lies in its ability to work at the grass-roots community level and in its interventions aimed at combating poverty in marginal areas. Recognizing IFAD's lead role in working with the rural poor and in area development, the Government looks forward to continued cooperation with the Fund. (See appendix I for high-level consultations.)

B. Strategic objectives

- 32. In line with the poverty reduction objectives of both the 10th FYP and IFAD's Strategic Framework, the goal of this COSOP and associated country programme is to ensure improved, diversified and sustainable livelihoods for poor rural people men, women and young people. This will contribute to attaining at least four of the Millennium Development Goals: Goal 1 (poverty reduction), Goal 3 (gender and equality for women), Goal 7 (environmental sustainability) and Goal 8 (partnerships). IFAD will continue to orient its activities towards building up inclusive, sustainable institutional systems for natural resources management, creation of employment and income generation. Such activities will be based on the development of irrigated and rainfed agriculture, improved management of natural resources, enhanced agricultural research and extension, and promotion of SBMs and microfinance. They will also be backed up by pro-poor investments, policies and relevant innovation and learning initiatives, and guided by several strategic objectives.
- 33. **Strategic objective 1: Improved and sustainable management of land and water resources by the poor.** Following the application of the land reform policy introduced by the Government in the 1960s, access to land by all farmers is not a major issue in the Syrian Arab Republic. The issue is more one of deteriorating land quality. The aim is to restore the productive agricultural base and boost agricultural productivity. This will make it possible for poor households both to produce more of their own food and to have a surplus for sale, which would not only improve their incomes but also give them access to food markets. Without neglecting rainfed

agriculture, emphasis will be placed on developing irrigated agriculture (advanced on-farm irrigation technologies) with a concomitant reduction in the percentage of land irrigated by non-renewable or unlicensed wells; diversifying to high-value crops; improving natural resources management (soil, water and rangelands); and adopting an integrated rural development approach to livestock production. A crucial element here will be the development of enabling policies and institutional arrangements to promote the adoption of improved technologies (see paragraph 37).

- 34. Strategic objective 2: Promotion of sustainable rural financial services and **pro-poor rural SBMs.** In light of recent financial-sector reforms, the groundwork has been laid for an enabling legal and regulatory environment conducive to the expansion of microfinance in the Syrian Arab Republic. In addition to marking a milestone as the first such legislation in the region, the microfinance law enacted in 2007 provides an attractive framework for creating MFIs, and for extending lending and savings services to the Syrian Arab Republic's 'unbanked' population. IFAD will focus on promoting products that support the poorest and most vulnerable rural groups, including but not necessarily limited to the development of MFIs and SBMs. The programme will help MFIs by providing them with access to loan funds and technical support in order to diversify their product mix and improve their financial management in accordance with international best practice. SBMs will be supported, with the aim of establishing efficient value chains for commodities and services to strengthen market links between small producers, collectors, processors, traders and consumers, and ensure regularity of market access. IFAD will also contribute to building up the capacity of SPC's specialized rural finance unit to enable it to provide professional support to MFIs.
- 35. Strategic objective 3: Strengthening the capacity of the rural poor and their organizations (empowering rural communities). Partnerships with institutions of the rural poor and civil society organizations will be reinforced using communitydriven development approaches in such a way that poor rural people can become major players in their own development. The effectiveness of any poverty reduction efforts depends substantially on a sense of ownership being developed by the rural poor. The process will therefore be geared to supporting and significantly involving the poor in local community initiatives and productive activities organized around mutual interests. These could include farmer cooperatives, herder associations, WUAs, and on- and off-farm marketing associations. IFAD-supported interventions will seek ways of effectively linking community institutions to local government structures so as to ensure harmony in investment decisions and sustainability of the operation and maintenance of project investments. Priority action areas include: (i) building up the capacity of communities to plan, operate and maintain community-level social and economic investments; (ii) promoting the creation of producer groups and associations of common economic interest to allow producers to exploit economies of scale in production and marketing, and increase their bargaining power both on the market and with the authorities; (iii) encouraging the representation of women and other vulnerable groups in community structures and producer groups; and (iv) linking community institutions and civil society organizations with local government structures.
- 36. **Cross-cutting issues.** People's participation, gender balance and environmental sustainability will continue to be emphasized in all IFAD initiatives. Gender mainstreaming will be pursued within the relevant strategy developed by MAAR with donor support in order to achieve the key objective of ensuring that women have access to extension services, time-saving technology, land and microfinance.
- 37. Capacity-strengthening of service providers will continue to be promoted by all IFAD initiatives. Such efforts will enable agricultural research, extension, gender units and veterinary services and systems (at the national, regional and local levels) to provide pro-poor, demand-driven advice on more advanced livestock, farming and irrigation systems, post-harvest technology, and economic and market information

necessary to diversify agriculture and introduce high-value crops. This will ensure more sustainable mechanisms for delivering services to the rural poor.

C. Opportunities for innovation

- 38. **Strategic objective 1.** The Syrian Arab Republic is a mostly semi-arid country facing the potentially dramatic consequences of drought and climate change (the drought of 2006-2008, which was the worst in 40 years, had a devastating effect on 1 million people). IFAD will team up with the Global Environment Facility (GEF) and other potential partners to use loan and grant resources to enhance the capacity of target groups to adapt to climate change. Innovations will involve sustainable measures (enforcement of the new water law) to promote better management of scarce water resources for agriculture, which will include both agronomic and engineering practices, in addition to the development of rural finance products that may lessen climate risk (e.g. crop insurance) and enhance the risk management capacity of actors in the value chains.
- 39. **Strategic objective 2.** The country programme will encourage MFI innovations for improving the outreach of microfinance services to the poorest segments of the rural population. This will include establishing *sanduqs* in most rural areas and grouping them into regional (second-degree) associations and, ultimately, into an apex national MFI owned by the *sanduqs*. There is great potential for working with the Consultative Group to Assist the Poor, European Union, German Credit Institution for Reconstruction [Kreditanstalt für Wiederaufbau] (KfW), Italian Cooperation and Japan International Cooperation Agency (JICA) to identify innovative ways of promoting microfinance in rural Syria. In addition, it could be possible to identify opportunities for taking a pro-poor value-chain approach to linking small-scale producers and entrepreneurs with other actors in the supply chain. The pilot initiative that establishes village business incubators for rural women, introduced in the Coastal Midlands area three years ago, also has good potential for replication in other areas.
- 40. **Strategic objective 3.** The country programme will replicate community-based development experiences through ongoing operations recognized as innovative and successful in the Syrian context, e.g. farmer associations, herder associations, village development committees and WUAs established and empowered for the purpose of improving the management of natural resources, access to markets and microfinance. The innovations to be explored focus on increasing the sustainability of community structures by forging strong links with local government institutions.

D. Targeting strategy

41. The proposed targeting approach is three-pronged: (i) **governorate level**. IFAD will focus its interventions on governorates with high concentrations of rural poverty; (ii) **community level**. Within the selected governorates, targeting will be directed at the poorest and most disadvantaged communities to help them establish their own self-targeting mechanisms, without excluding anyone a priori; and (iii) **tailored interventions**. Interventions will be tailored in terms of purpose, scope and size in order to render them attractive, mainly to poor people.

E. Policy linkages

42. Dialogue with the Government on the country strategic objectives will take place in the context of the annual PBAS consultations. The National Agricultural Policy Center could play an important role as a potential national partner for IFAD. Building on the achievements and outcomes mentioned earlier (see paragraph 30), key policy links between the achievement of this COSOP's strategic objectives and the Government's efforts to reduce poverty will relate to: (i) supporting the assessment of, and raising awareness about, climate change and its direct/indirect impact on the livelihoods and production systems of the poor (under strategic objective 1); (ii) promoting measures for participatory natural resources management through decentralization and according a greater role to civil society and local communities (under strategic

- objectives 1 and 3); (iii) broadening the sustainable access of COSOP target groups to rural financial services, for example by transforming the *sanduqs* into legal financial institutions and allowing MFIs to establish market interest rates (under strategic objective 2); and (iv) improving agricultural production and efficiency by lessening the emphasis on the production of strategic crops and relaxing retail price controls (under strategic objective 1). IFAD will use investment projects to support economic and policy research in documenting the distortions of active policies and assessing the effectiveness of alternative policy options to achieve the stated strategic objectives and government policy goals.
- 43. IFAD will coordinate with other donors to encourage the participation of civil society and the private sector, for example through private/public partnership agreements with adequate safeguards to ensure an adequate level of rural infrastructure investments for agricultural marketing. IFAD will also work with other donors in encouraging the Government to increase spending on well-targeted social programmes to mitigate the effects of its elimination of fuel subsidies. IFAD's proxy field presence in the Syrian Arab Republic will be enabled to participate effectively in regular meetings and consultations with the Government and other donors on broader policy issues.

V. Programme management

A. COSOP management

44. The COSOP will be managed by the country programme management team, which comprises staff members based at IFAD headquarters or in the Syrian Arab Republic and representatives of local partners, such as public service providers, farmer organizations and NGOs. COSOP management will involve annual review workshops, a mid-term review to assess achievements, and a completion report to provide lessons and information for preparation of the next COSOP. A formal impact assessment framework will be developed as part of future project design and implementation.

B. Country programme management

- 45. **Country programme implementation partnership**. The present COSOP will be used as a tool for planning and monitoring IFAD-supported interventions in the Syrian Arab Republic. The country programme management team will follow up on the COSOP results framework and provide implementation support for ongoing projects. The IFAD-based team members will visit the country at least once yearly to review implementation progress, hold knowledge-exchange seminars on specific topics (rural finance, community-driven development, gender and development, etc.) and identify issues related to innovation, policy dialogue and partnership.
- 46. **Supervision**. All IFAD-funded interventions in the Syrian Arab Republic are, and will continue to be, supervised directly by IFAD. Supervision will focus on fiduciary aspects, implementation support and problem-solving to further the achievement of results and impact.
- 47. **Project-at-risk ratings**. There are no projects at risk in the Syrian Arab Republic because implementation of the entire portfolio has been satisfactory. The difficulties caused by slow processing of bids, which delayed procurement of heavy equipment for land reclamation, have been largely overcome. Owing to the recent drought in the Badia project area and the high cost of fuel (2008), animal feed and most agricultural inputs, implementation of BRDP has somewhat lost momentum over the last year and its sustainability has been put to the test.
- 48. **Management of retrofitting**. The most recent IFAD project in the Syrian Arab Republic, NERRDP, which was declared effective in March 2008, is in line with the strategic objectives identified earlier in this COSOP. For IRDP, the mid-term review will make every effort to retrofit interventions so that they more closely reflect these strategic objectives.

C. Partnerships

- 49. Institutional collaboration. In addition to the national partners identified earlier in this document, IFAD intends to collaborate with major donors, including AFESD, Islamic Development Bank, OFID, World Bank and, whenever possible, with bilateral donors such as the European Union, German cooperation agencies (KfW and GTZ), Italian Cooperation and JICA. Research-related partnerships will be pursued with international and regional centres such as: (i) ICARDA and ACSAD (crop improvement, crop/livestock integration, socio-economic and policy research, and natural resources management); (ii) the International Center for Biosaline Agriculture (ICBA) (technology generation and transfer related to marginal water); (iii) the Consultative Group to Assist the Poor (rural finance); (iv) GEF (environment); and (v) FAO and UNDP, for instance in the context of support to the Agropolis project, but also in general so as to ensure a better complementarity of activities.
- 50. **Institutional coordination**. IFAD-financed interventions will continue to focus strongly on work through partnerships and in close consultation with key stakeholders to achieve both synergies and complementarities. Key file 2 provides a strengths, weaknesses, opportunities and threats (SWOT) analysis of the main incountry institutions and identifies areas of potential complementarity with IFAD.

D. Knowledge management and communication

51. Knowledge management will take place at three levels. At the project level, IFAD will promote farmer exchange programmes and workshops on specific themes to review and document best practices and share information among the various partners. At the national level, IFAD will help SPC to set up a comprehensive national poverty monitoring system with the participation of representatives of the private sector, civil society and NGOs. At the regional level, reporting and knowledge dissemination will be supported through the Knowledge Access in Rural Inter-connected Areas Network (KariaNet), a digital networking system connecting up IFAD projects for the purpose of sharing knowledge in the region, and through the Regional Programme for Capacity-Building in Managing for Results and Impact.

E. PBAS financing framework

52. The present level of funding available for the Syrian Arab Republic under the PBAS amounts to US\$21 million for the three-year period 2007-2009 and is expected to increase to US\$27-32 million for the 2010-2012 cycle. Apart from steps that IFAD and the Government are taking to improve project management and obtain access to counterpart funds, implementation of the National Reform Agenda is expected to lead to a significant improvement in the Syrian Arab Republic's PBAS score and consequently increase its share of IFAD resources during the coming years.

Table 1

PBAS calculation for COSOP year 1

Indicator	COSOP year 1
Rural Sector Scores	
Policy and legal framework for rural organizations	3.63
Dialogue between government and rural organizations	3.88
Access to land	4.00
Access to water for agriculture	4.50
Access to agricultural research and extension services	3.67
Enabling conditions for rural financial services development	3.75
Investment climate for rural business	4.33
Access to agricultural input and produce markets	4.33
Access to education in rural areas	4.63
Representation	4.50
Allocation and management of public resources for rural areas	5.13
Accountability, transparency and corruption in rural areas	3.75
Average	4.19
PAR rating	5
IRAI (CPIA) rating	-
Country score	4.463
Annual country allocation in millions of United States dollars (2009)	6.7

Note: CPIA = country policy and institutional assessment

IRAI = International Development Association Resource Allocation Index

PAR = project-at-risk

Table 2
Relationship between performance indicators and country score

Financing scenario	PAR rating (+/- 1)	Rural sector performance score (+/- 0.3)	Percentage change in PBAS country score from base scenario
Hypothetical low case	1	3.89	-25 per cent
Base case	0	4.19	0
Hypothetical high case	0	4.49	+29 per cent

53. Under the PBAS, two new projects – the Integrated Livestock Development Project (ILDP) and the Al-Khabour River Basin Irrigation Development Project (AKRBIDP) – have been identified for processing during the period covered by this COSOP.

F. Risks and risk management

54. **Strategic objective 1**. The main risk is related to climate change and groundwater depletion at the country level. It is addressed in the sections on agriculture and rural poverty, and opportunities for innovation. The reduction/elimination of subsidies and steep increases in prices of animal feed and most agricultural inputs, which create inflationary pressures that may have an adverse effect on the rural poor, also poses a further risk. The impact of the risk on the poor will be mitigated by increasing the target group's participation in agricultural market chains and diversifying and commercializing their production. An additional risk lies in the possibility that farmers or rangeland users will not be prepared to work together to achieve integrated natural resources management. This risk can be reduced by introducing clear incentives, such as support for community initiatives and land-user groups similar to those adopted in the model developed under BRDP for participatory rangelands management, and in IRDP and NERRDP for participatory water management.

- 55. **Strategic objective 2**. The non-viability of initiatives proposed by beneficiaries represents the greatest risk, which can be mitigated through careful selection of the activities to be supported, building up the technical and financial management capability of entrepreneurs, and adopting well-conceived business plans and performance-based contracts. The risk of elite capture of value chains and microfinance products and services will be addressed through the selection of loans and other products (skills improvement, market information, etc.) that match the resources and constraints facing poor borrowers, and by ensuring that the size and purpose of the packages are less attractive to the non-poor.
- 56. **Strategic objective 3**. The foremost risk relates to the sustainability of these groups in the medium and long term. This risk will be reduced by encouraging the voluntary formation of groups on the basis of common economic interests and needs, and by providing such groups with adequate training and capacity-building assistance. There is also a risk that participatory methodology will not be applied properly. This calls for comprehensive training of the staff and communities involved. They should also have an opportunity to familiarize themselves with the participatory and consultative processes, adopted elsewhere in the region, that are being promoted by NERRDP and are to be reflected in the design of the two proposed pipeline projects.

COSOP consultation process

 A RB-COSOP CPMT has been established, consisting of a mixture of 17 members (in-house 8 from PN, PT and PD) and in-country (10 from the Ministry of Agriculture and Agrarian Reform, Ministry of Irrigation, State Planning Commission, ICARDA, ACSAD, and free lance consultants). The Minister of Agriculture and Agrarian Reform himself endorsed the RB-COSOP recommendations throughout the consultation process. His Deputy played an active role in the establishment of the strategic directions of the COSOP and the preparation of the projects' Concept Notes.

- 2. COSOP preparation was initiated with two studies. The first related to livestock development constraints and opportunities (2006); the other was a rural poverty profile (2008). Preparation of the results-based COSOP also largely benefited from the findings of the project completion reports on the Jebel Al-Hoss Agricultural Development Project (2007) and the Coastal Midlands Agricultural Development Project (2008).
- 3. Continuous consultations were held with relevant, in-country stakeholders and donors with regard to the strategic directions of the COSOP and the project pipeline.
- 4. Secondary data was collected, together with related documents prepared by government agencies and other donors.
- 5. The PBAS was updated on the basis of sector and portfolio performance and evolving policy and institutional changes in the country.
- 6. Concept notes were prepared on the two pipeline projects.
- 7. Reviews were held (both in-house and in-country). In-country validation workshop took place on 13 July 2009 at the Ministry of Agriculture and Agrarian Reform in Damascus. All RB-COSOP recommendations were endorsed by country stakeholders and partners.

Throughout COSOP preparation, substantial use was made of the following references:

- Syria Country Programme Evaluation, OE, IFAD 2000
- Syria COSOP, IFAD, 2001
- Syria Rural Poverty Assessment and Mapping, IFAD, 2006
- Syria Livestock sub-sector constraints and opportunities, IFAD 2006
- Syria Jebel Al-Hoss Agricultural Development project, Project Completion Report, IFAD, 2007
- Syria Coastal Midlands Agricultural Development project, Project Completion Report, IFAD, 2008
- Syria Rural Poverty Profile, IFAD, 2008
- Selected IFAD policy papers on rural finance, rural enterprises development, targeting, private sector partnership, etc.
- Poverty in Syria 1996-2004: Diagnosis and pro-poor policy considerations, UNDP 2005
- Syria Human Development Report, Statistical Update, UNDP 2008
- National Agricultural Policy Centre, 2007. State of Food and Agriculture in Syria
- Syria Tenth Five Year Plan 2006-2010
- Strategic Framework of IFAD 2007-2010
- Syria GEF Country Portfolio Evaluation March 2009
- Syria Agriculture Towards the Social Market, the World Bank, Oct 2008
- Syria Agriculture and Irrigation Aide Memoire World Bank, Sep 2008

Country economic background

Land area (km2 thousand) 2006 1/	184	GNI per capita (US\$) 2007 1/	1 760
Total population (million) 2007 1/	19.9	GDP per capita growth (annual per cent) 2007 1/	4
Population density (people per km2) 2006 1/	106	Inflation, consumer prices (annual per cent) 2007 1/	4.2
Local currency	SP	Exchange rate: US\$ 1 =	49.5
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 2001-	2.7	Economic Indicators	
2007 1/		GDP (US\$ billion) 2007 1/	38.1
Crude birth rate (per thousand people) 2006 1/	27	GDP growth (annual per cent) 1/	
Crude death rate (per thousand people) 2006 1/	3	2000	2.7
Infant mortality rate (per thousand live births) 2007 1/	12	2006	6.6
Life expectancy at birth (years) 2007 1/	74		
		Sectoral distribution of GDP 2007 1/	
Number of rural poor (million) (estimate) 3/	5.4	per cent agriculture	20.4
Poor as per cent of total rural population 3/	56	per cent industry	31.6
Total labour force (million) 2006 1/	7.91	per cent manufacturing	7.8
Female labour force as per cent of total 2006 1/	31	per cent services	48.0
Education		Consumption 2007 1/	
		General government final consumption	
School enrolment, primary (per cent gross) 2007 1/	126	expenditure (as per cent of GDP)	11.6
Adult literature at 151 2007 1/	01	Household final consumption expenditure, etc. (as	70.6
Adult literacy rate (percentage of pop. 15+) 2007 1/	81	per cent of GDP) Gross domestic savings (as per cent of GDP)	70.6 20
Nutrition		Gross domestic savings (as per cent of GDP)	20
Daily calorie supply per capita	n/a	Balance of Payments (US\$ million)	
Malnutrition prevalence, height for age (per cent of children		Bulance of Layments (654 million)	
under 5) 2006 2/	19	Merchandise exports 2007 1/	14 309
Malnutrition prevalence, weight for age (per cent of children			
under 5) 2006 2/	7	Merchandise imports 2007 1/	13 635
		Balance of merchandise trade	674
Health	,	(10t III)	
Health expenditure, total (as per cent of GDP) 2006 1/	n/a 1	Current account balances (US\$ million)	015
Physicians (per thousand people) Population using improved water sources (per cent) 2004 2/	1 93	before official transfers 2007 1/ after official transfers 2006 1/	915 920
Population with access to essential drugs (per cent) 2/	n/a	Foreign direct investment, net 2006 1/	600
Population using adequate sanitation facilities (per cent)	II/ a	Totelgit direct investment, het 2000 1/	000
2004 2/	90		
		Government Finance	
Agriculture and Food		Cash surplus/deficit (as per cent of GDP) 2007 1/	-5.1
Food imports (per cent of merchandise imports) 2006 1/	13	Total expenditure (per cent of GDP) 2006 1/	n/a
Fertilizer consumption (hundreds of grams per ha of arable			
land) 2006 1/	n/a	Total external debt (US\$ billion) 2006 1/	6.5
Food production index (1999-01=100) 2006 1/	119	Present value of debt (as per cent of GNI) 2006 1/	19.4
Cereal yield (kg per ha) 2006 1/	L 765	Total debt service (per cent of GNI) 2007 1/	1.3
Land Use		Lending interest rate (per cent) 2006 1/	n/a
	n/2	Deposit interest rate (per cent) 2006 1/	n/a
Arable land as per cent of land area 2006 1/	n/a	Deposit interest rate (per cent) 2000 1/	, -
Arable land as per cent of land area 2006 1/ Forest area as per cent of total land area 2006 1/	n/a	Deposit interest rate (per cent) 2000 1/	, ۵

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

^{1/} World Bank, World Development Indicators – Country at the Glance 2008. 2/ UNDP, Human Development Report, 2007/2008 3/ IFAD, Rural Poverty Assessment and Mapping, 2006

COSOP results management framework

Country Strategy Alignment	Key Results for COSOP			COSOP Institutional, Policy Objectives
Poverty Reduction Strategy: Tenth Five-Year Plan: Chapter 7, Agriculture/Irrigation	Strategic objectives (SOs)	Outcome that COSOP is expected to influence *	Milestone indicators showing progress towards SO*	
1.1 Ensure food security, create jobs, and enhance social stability in the rural areas. 1.2 Introduce modern irrigation techniques to 50 per cent of lands currently irrigated by old methods and improve water-use efficiency by 80 per cent. Chapter 15, Drinking water and sanitation 1.3 Provide potable water to 93% of rural population 1.4 Recovery rates for maintenance of drinking water supply	SO1: Promote sustainable access of poor households to land and water resources.	1.1. About 50 % of farmers (of which 20 % are women) under NERRDP and AKRBIDP diversify, and introduce fodder and high-value crops by end of COSOP period; 1.2. About 50 % of farmers (of which 20 % are women) under NERRDP and AKRBIP adopt modern irrigation systems by COSOP end; 1.3 Both animal production and the incomes of producers' (30 % are women) in ILDP area increased by 80%.	1.1 At least 50 % of target households under IFAD-funded projects trained in new technologies, including irrigation, by mid term and 100 % by COSOP end; 1.2 Adaptive research trials and demonstrations established on farmers' fields; 1.3 At least 50 % of livestock owners trained in improved feeding, management and breeding practices by mid term and 100 % by COSOP end.	1.1 Adaptation strategies are responsive to rural small producers' needs; 1.2 Licensing system removed and retail price controls relaxed; 1.3 Same as 3.1 below.
2 (a) Improve access by the poor to credit, including microfinance, to enhance productivity and incomes; 2 (b) Encourage private initiative and innovation; promote development and competitiveness of SMEs.	SO2: Promote sustainable rural financial services and pro-poor rural SMEs.	2.1. About 50 % of SMEs access credit annually; 2.2. About 50 % of SMEs report improved profitability and increases in employment; 2.3. About 50 % of value chains attain financial viability by COSOP end; 2.4 About 80 % of MFI/sanduqs established in IRDP and NERRDP survive after 3 years and become sustainable.	2.1 About 50 % of target communities and SMEs have access to credit and skills improvement by mid-term and 100 % by COSOP end; 2.2 Five sanduqs established annually under IRDP and NERRDP (baseline: 15 sanduqs in 2008); 2.3 About 50 % of trained beneficiaries (of which 30 % are women) under NERRDP and AKRBIDP engage in IGAs.	2.1 MFIs/sanduqs grouped into associations and apex MFI; 2.2 Sanduqs transformed into legal entities; 2.3. MFIs/sanduqs authorized to charge market-based interest rates.
3. Highest priority accorded to participatory poverty-alleviation projects that bring about benefits to a large segment of the poor and disadvantaged.	SO3: Strengthen the capacity of the rural poor and their organizations.	3.1 About 75 % of the WUAs established collect membership fees and implement modern irrigation technologies; 3.2 About 50 % of CAPs under IRDP, NERRDP and AKRBIDP implemented by midterm and 100 % by COSOP end.	3.1 At least 20 WUAs established under NERRDP by COSOP end (baseline: 9 in 2009); 3.3 At least 50 % of participating communities by mid-term and 100 per cent by COSOP end form community development committees and prepare CAPs (baseline: 112 CAPs in 2008).	3.1 capacity of public (research, extension, veterinary and gender) and civil society (NGOs) service providers strengthened through technical assistance and training.

^{*}Baseline, milestone and outcome indicators to be quantified following COSOP approval and monitored annually to make appropriate adjustments, as needed; **IRDP**, Idleb Rural Development Project; **NERRDP**, North Eastern Region Rural Development Project; **AKRBIDP**, Al-Khabour River Basin Irrigation Development Project; **ILDP**, Integrated Livestock Development Project; **CAP**, community action plan.

Previous COSOP results management framework

COSOP Strategic Objectives	STATUS AT COSOP DESIGN	STATUS AT COSOP COMPLETION	LESSONS LEARNED
Strategic Objective No. 1 protection of the environment, with special emphasis on conservation of natural resources: soil, water and rangelands	Need to involve the target group in development and management of the resources through participatory approach. Need to develop rainfed and surface-water-dependent agriculture and expand and conserve the resource base to the benefit of the poor and improve their production, productivity and, ultimately, incomes.	The on-going Badia Rangelands Development Project, the Idleb Rural Development Project and more recently the North Eastern Region Rural Development Project are primarily concerned with improving community capacity to organize and manage its own development, as well as provide community members with technical and managerial capacity.	Optimisation of the use of water resources is an essential measure for agricultural development and continued increase of production. To mitigate depletion of ground water resources, modern irrigation techniques should be implemented in irrigated areas.
Strategic Objective No. 2 Poverty reduction, with special emphasis on social and economic empowerment of the rural poor, including women.	Need to use participatory approaches to address felt needs and ensure the commitment of communities to sustainable solutions. Need to promote off-farm income generation through skill improvement, microfinance, and SMEs for men and women. Need to improve the living conditions of the poor by supporting basic services such as literacy, access to safe water, rural roads, etc.	The just-completed Coastal Midlands and Jebel Al-Hoss Agricultural Development Projects have substantially contributed to asset formation through de-rocking and development of 51,000 ha of land. The North Eastern region Rural Development project, declared effective in March 2008, promotes establishment and empowerment of Farmers Marketing Associations and partnership with private exporters. Herders Associations, Village Development Committees, Water Users associations and Village-based Microfinance organisations have been established and empowered for a better natural resources management and access to markets and microfinance.	Limited access to markets results in low prices, consumption-oriented production and low household incomes. There is need to strengthen linkages between producers and collectors / processors/marketers to ensure regularity of market access, value added products and best possible prices.
Strategic Objective N° 3 Institutional building with special emphasis on the public institutions providing support to the rural sector	Need to build the capacity of services providers, such as extension and research through training and technical assistance. Ongoing IFAD-supported projects: Jebel Al-Hoss Agricultural Development Project Coastal/Midland Agricultural Development Project Badia Rangelands Development Project Proposed projects: Idleb Rural Development Project North Eastern region Rural Development Project	Capacity building of the service providers has been supported through training, technical assistance, equipment and networking. These resulted in better adoption by farmers of new varieties for barley, wheat and lentils, apple and olives. Closed projects: Jebel Al-Hoss Agricultural Development Project Coastal/Midland Agricultural Development Project Ongoing projects: Badia Rangelands Development Project Idleb Rural Development Project North Eastern region Rural Development Project	To increase women's access to resources, the provision of extension services, training and other services should be carried out by deploying women staff to ensure that targeted poor women in the community are effectively contacted and engaged in project activities. Success in gender mainstreaming also requires strong commitment to project management through significant training among staff and service providers.

Pipeline projects

Two projects have been submitted by the Government of Syria for IFAD consideration, with priority to be given to the Integrated Livestock Development Project.

A. Integrated Livestock Development Project

- 1. Geographic area and target group. Livestock is an important subsector of agriculture in Syria. Sheep account for 75 per cent of all animal units and are present throughout the country, overwhelmingly so in Deir-Ezzor, Hassakeh, Halab, Raqqa, Homs and Hama. About 80 per cent of all sheep belong to some 70,000 households owning 1-100 animals. Cattle represent 19 per cent of total animal units and 85 per cent are to be found in units of 1-5 animals in some 56,000 households. The project will be focused on most rural areas of Syria, where there is a high concentration of poverty and livestock is an important source of income. The main target group would comprise about 130,000 households in all, made up of (i) landless and poor sheep and goat owners having up to 100 animals; and (ii) poor, small cattle owners owning up to five cows. Special efforts would be made to ensure the widespread inclusion of women, who are major actors in livestock production.
- Justification and rationale. The livestock subsector plays a significant role in Syria's economy. In 2006, it provided 37.1 per cent of the total value of agricultural production, with sheep accounting for 16 per cent of all agricultural exports. The private sector dominates the livestock subsector and has almost complete control over production, pricing and marketing. The target group's poverty is attributable to a number of factors, including: low productivity of livestock; lack of off-farm employment or underemployment; lack of credit; lack of adequate production support services; and limited access to markets. Smallholders use all the little land they have for growing cash crops, without sufficient cultivation of fodder for livestock. More specifically, the most significant constraints facing the livestock sector include: (i) low animal productivity because of low genetic potential of indigenous livestock populations and the low-input low-output animal husbandry practices of most livestock owners; (ii) shortage of animal feed, water and grazing areas; (iii) high incidence of disease; (iv) low-quality livestock products; (v) high cost and poor quality of inputs; (vi) poor rural infrastructure, mainly the road network, which adversely affects marketing; (vii) inadequate technical support from MAAR; and (viii) lack of infrastructure/facilities for value addition, particularly dairies for the processing of milk, and slaughterhouses.
- 3. The rationale for the project is to address the above constraints and help target households to achieve sustainably improved standards of living through economic and social empowerment (higher incomes, greater food security).
- 4. **Key project objectives.** All key project objectives closely relate to the COSOP's strategic objectives. The overall objective would be to help poor rural men and women to generate sustainable increases in household incomes through development of small-scale, private-sector, market-oriented livestock production and marketing. Specific objectives would be to: (i) strengthen technical support, e.g. livestock research, extension and veterinary services to help livestock keepers increase their production levels through improved feeding and stock management, increased fodder production and better quality of produce; (ii) provide livestock keepers with access to credit for on- and off-farm investments (complementary income-earning opportunities); (iii) develop and improve market links (especially for dairy products, meat and skins), including construction of essential market-linking infrastructure; and (v) raise the productivity and standards of livestock enterprises through disease-control measures and adoption of quality standards (such as the

Hazard Analysis and Critical Control Point) as a prerequisite for accessing highly competitive markets.

- 5. **Ownership, harmonization and alignment.** The project is fully consistent with the Government's Tenth FYP inasmuch as it would focus on poor rural people who depend on livestock for their livelihoods, and make good use of the country's natural resources. It would also complement ongoing IFAD-funded operations in the rural sector (BRDP, IRDP and NERRDP) and replicate community development experiences recognized as innovative and successful in the Syrian context, e.g. farmer and herder associations and VDCs established and empowered for better natural resources management, access to markets and microfinance.
- 6. **Components and activities.** Likely project components would include:
 - (a) Livestock development through improved extension, veterinary services and gender advice to smallholder farmers (training of beneficiaries, participatory adaptive research and demonstrations) in order to (i) step up the productivity (genetic make-up) of sheep, goats and cattle while preserving the positive attributes of indigenous breeds; (ii) increase feed production (fodder and pasture), including conservation of feed (forage, hay, silage, etc.), and improve animal feeding; (iii) raise the quality of livestock products by improving milking techniques and prevention/treatment of mastitis and other diseases; and (iv) ensure access to credit for the purpose of enlarging flocks/herds, construction/rehabilitation of barns/sheds, purchase of farm machinery, implements and inputs;
 - (b) Strengthening the capacity of technical service providers, e.g. livestock research, extension, veterinary and gender units with TA and training to enable them to introduce appropriate modern technology to livestock keepers;
 - (c) Strengthening marketing and market links through technical and credit support for the (i) establishment/strengthening of milk, meat and tannery chains, e.g. dairies, slaughterhouses and tanneries; (ii) formation of producer associations to link producers with markets (dairy, meat and skin value-chains), exploit economies of scale and increase their bargaining power; and (iii) construction of market-linking community infrastructure such as feeder roads, improved water supply and rural markets, as a way of enhancing market links;
 - (d) Rural financial services, including microfinance (development of self-managed village-based *sanduqs*), for the provision of credit to farmers for on- and off-farm development, including income generation, and for supporting SME development, providing backward/forward links to support livestock producers; and
 - (e) Project management.
- 7. **Costs and financing.** Total project costs are estimated at roughly US\$ 50 million. External financing would be provided by IFAD and other cofinanciers such as OFID and AFESD. IFAD contribution would be based on PBAS allocation for the cycle 2010-2012, i.e. around US\$ 30 million.
- 8. **Organization and management.** MAAR would be responsible for overall coordination and for project operations. A project steering committee (PSC), chaired by the Minister for Agriculture or his representative, would be established for overall coordination of project activities and to provide policy guidance. The project would be implemented by a central project directorate, headed by a project director, through a provincial project directorate unit in each governorate. This type of management structure, applied in all IFAD-supported projects, has proved to be efficient and sustainable.
- 9. **M&E indicators.** A management information system, consistent with IFAD's Guidelines for Project Monitoring and Evaluation, would be established to assess the rate of implementation and performance against planned targets and objectives, as set out by project design and reflected in the annual work programmes and budgets

(AWP/Bs). A set of key monitoring indicators reflecting the requirements of the Results and Impact Management System (RIMS) would be developed for the various types of project activities. Three surveys, e.g. baseline, at project mid term and at completion, would be conducted to provide data for evaluating the project's impact on the beneficiaries. Targeting will be monitored systematically throughout project implementation and through direct IFAD supervision.

10. **Risks.** Major risks, for which mitigation measures would need to be devised, include: (i) increased competition from imports that could undermine the profitability of local dairies in the event they are unable to develop niche markets; and (ii) drought and acute environmental stress.

B. Al Khabour River Basin Irrigation Development Project

- 11. **Geographic area and target group.** The proposed project area is located in the Governorates of Hassakeh, Deir Ezzor and Raqqa in north-eastern Syria, covering an area of 70,000 ha. The original Khabour River Basin Irrigation Project, using conjunctive surface and groundwater, was implemented from the early-1980s to mid-1990s. Some 90-95 per cent of the region is shown as cultivated areas. Key crops are wheat and cotton, followed, to a lesser extent, by fruit and vegetables. Although the Al Khabour river basin provides a large part of the nation's food (especially wheat), raw material for processing and commodities and animals for export, the target area is still among the poorest in the country. Poverty is widespread, albeit to varying degrees, owing to low levels of production and productivity, small irrigated holdings, deterioration of soil quality and salinization, and high population density with accompanying high pressure on resources. The main target group would consist of poor smallholders and landless people, tenant farmers, rural women and unemployed men, women and youths, comprising about 60 per cent of rural households in the project area.
- 12. Water would be supplied from the Tigris River through an integrated inter-basin water transfer system initiated with April 2002 legislation to meet the needs of the project. Investments would be implemented in two phases:
 - (a) Phase I: (i) Tigris pumping plant (around 60 m³/s with t.d.h. around 50-60m); (ii) penstocks (around 800m); (iii) tunnel (around 25 km long with 6 m diameter); (iv) small dams and operation reservoirs; and (v) main canals and related structures (230 km) to be cofinanced by the World Bank, AFESD; Kuwait Fund and OFID. Implementation would take some two-to-three years.
 - (b) Phase II: implementation of the proposed Al Khabour Basin Irrigation Development Project to be cofinanced by IFAD, once the first phase has been completed.
- 13. **Justification and rationale.** The region has been severely affected by climate change. As a result, rainfed agriculture has failed twice (in 2006 and 2007) and surface irrigation is running short of water. The current situation is seen as dramatic or even catastrophic. The original regulated river run-off, equivalent to 50-60 m³/s, is now almost zero, all of the dams have been depleted, and there has been a complete crop failure over the last two years. Current production relies only on 6 m³/s pumped from groundwater, the aquifers of which are severely threatened and depleted by overexploitation from Turkey and within Syria. The river ceased to flow in 2001 and has never resumed. Given the high abstraction rate and consequent depletion, the lifespan of the aquifers will not last more than ten years. As a result, poverty, urban migration and food insecurity are now major concerns.
- 14. The rationale for the project is to restore the productive agricultural base and enhance agricultural productivity. This would allow poor households to produce more of their own food as well as a surplus for sale, thereby improving their incomes and giving them access to food markets.

15. **Key project objectives.** All key project objectives are closely related to the COSOP's strategic objectives. The overall objective would be to improve the socio-economic well-being of poorer rural households in the project area through support to earn greater cash and non-cash incomes from their farms and from off-farm sources. Specific objectives would be: (i) optimal management and rational use of water resources for irrigation; (ii) establishment of rural community organizations with sustainable resource management and commercial operations; (iii) ensuring farmers have access to effective, relevant advisory services; and (iv) private-sector investments to create employment and boost incomes. The emphasis would be on developing irrigated agriculture (advanced on-farm irrigation technologies) with a concomitant reduction in the percentage of land irrigated by non-renewable or unlicensed wells, diversification towards high-value crops, improved management of natural resources (soil, water and rangelands) and livestock production within an integrated rural development approach.

- 16. **Ownership, harmonization and alignment.** The project would be fully consistent with the FYP and in harmony with its recent commitment of large resources for development of the Eastern Region. It would complement the ongoing IFAD-supported NERRDP and replicate community development experiences recognized as innovative and successful in the Syrian context, e.g. WUAs, farmer associations and VDCs established and empowered for better natural resources management, access to markets and microfinance. By the time the ongoing NERRDP has reached mid term implementation stage, the lessons learned from it would feed into the design of this new project.
- 17. **Components and activities.** Likely project components would include:
 - (a) Irrigation development, through improved extension and gender advice to farmers (training of beneficiaries, participatory adaptive research and demonstrations): (i) install, operate and maintain modern on-farm irrigation technology to improve efficiency, reduce the demand for water and increase agricultural production and thereby farmers' incomes; and (ii) irrigation technology enhancement through strengthening research on modern irrigation and drainage systems, water management practices, water quality and other related issues;
 - (b) Community empowerment, to: (i) organize and manage their own development and provide community members with needed technical and managerial capacity to improve their living standards; (ii) formation of WUAs to help private water users (both men and women) participate in the planning, design and installation of modernized on-farm irrigation systems and to be responsible for their operation, maintenance and management; and (iii) formation of marketing associations to link producers with markets (commodity value-chains), exploit economies of scale and increase their bargaining power;
 - (c) Strengthen the capacity of technical service providers, i.e. extension agents, subject-matter and gender specialists through TA and training to enable them to develop and introduce modern/appropriate technologies to farmers for changing cropping patterns and upgrading farm management;
 - (d) Rural financial services, including microfinance (development of self-managed village-based sanduqs), for the provision of credit to farmers, the landless, youths and rural women for on- and off-farm development, including income generation, and for supporting SME development and providing backward/forward links to support producers; and
 - (e) Project management.
- 18. **Costs and financing.** Total project costs are not yet known. External financing would be provided by IFAD and other cofinanciers such as OFID and AFESD.

19. **Organization and management.** MAAR would be responsible for overall coordination and for project operations related to on-farm irrigation development, agricultural productivity enhancement and marketing. The Ministry of Irrigation would be responsible for all aspects of the project's attention to management of water resources above the farm level. A PSC, chaired by the Minister for Agriculture or his representative, would be established for overall coordination of project activities and to provide policy guidance. The project would be implemented by a central project directorate headed by a project director.

- 20. **M&E indicators.** A management information system, consistent with IFAD's Guidelines for Project Monitoring and Evaluation, would be established to assess the rate of implementation and performance against planned targets and objectives, as set out by project design and reflected in the AWP/Bs. A set of key monitoring indicators reflecting RIMS requirements would be developed for the various project activities. Three surveys, e.g. baseline, at project mid term and at completion, would be conducted to provide data for evaluating the project impact's on beneficiaries. Targeting would be monitored systematically throughout project implementation and through direct IFAD supervision.
- 21. Risks. Major risks, for which mitigation measures would need to be devised, include: (i) weak enforcement of the Water Law; (ii) drought and acute environmental stress, (iii) limited cooperation between the Ministry of Agriculture and the Ministry of Irrigation on water management development and management, and (iv) limited cooperation between the Ministry of Agriculture and Ministry of Irrigation on one hand and the Ministry of Environment on the other on climate change and environmental issues.
- 22. Another risk is related to project phasing. As mentioned in Para 12 (b), the second phase of the project, which is identified for IFAD consideration, is contingent on completion of the first phase. Although unlikely, there is some risk that the latter phase does not materialise as planned. In such event, the RB-COSOP would align itself with government priorities and another project would be identified for IFAD consideration.

Key file 1: Rural poverty and agricultural/rural sector issues

Priority Areas	Affected Group	Major Issues	Actions Needed
Low productivity of irrigated agriculture	All farmers, but especially smaller fragmented farms	 Poor irrigation practices and high rate of water losses; Declining groundwater levels; Insufficient data and lack of appropriate hydrogeological and groundwater information system; Poor groundwater management; excessive and unsustainable overexploitation; Limited farmer skills in modern irrigation techniques; Poor maintenance of on-farm irrigation equipment; Lack of specialized farmer groups in irrigation and water management. 	 Promotion of advanced on-farm irrigation systems and water conservation technologies; Provision of TA and support to water users for design and installation of on-farm modern irrigation systems; Encourage water users, under the tertiary canals/groundwater wells/springs, to establish WUAs; Support for groundwater studies and hydro geological surveys; Support for development of a water resources information system for water basins.
Range management, soil and water conservation	Smallholder farmers and livestock holders	 Recurrent droughts and degradation of grazing resources for livestock; Excessive use of Badea River and overgrazing of natural vegetation; Soil erosion and declining soil fertility; Drought and low soil fertility resulting in infrequent harvests on rainfed land. Inappropriate land use and management of land and water resources. 	 Investment in natural resource (soil, water and rangelands) development and management; Enforcement of environmental impact assessments at the design stage, mid term and at completion of programmes and projects. Adoption of land-use planning and participatory approach; Environmental education for, and awareness-raising of, rural communities; Supporting sustainable income generating activities to reduce resource over-exploitation. Introduction of climate change-related adaptation measures.
Employment opportunities	All disadvantaged rural poor, particularly landless men, youth and women	 Holdings insufficient to sustain families; Little off-farm employment opportunities in rural areas Workforce under-skilled, less educated, severely under employed and lower paid; Low income keeps them in poverty. 	 Off-farm SME development/creation with resulting increase in jobs and family income; Improve education and skills of under-skilled workforce; Availability of capital for micro-and small enterprises; Availability of non-financial business services.
Agricultural research and extension service	Smallholder farmers and livestock holders	 Focus of research and extension not farmer-led; Lack of farmer confidence in the extension services because of its enforcement role with respect to fines and production planning; Poor cropping techniques and limited use of improved technologies for cultivation of non-strategic crops; Minimal attention to farm operating margins in farm advisory services. 	 Intensify demand-led research and extension effort; Build extension capacities to promote community-driven development, crop diversification, marketing and value addition; Create job opportunities outside farm; Encourage, foster and support farmer enterprise groups; Separate the extension and enforcement roles of the Extension Service.

Key file 1: Rural poverty and agricultural/ rural sector issues - (cont'd)

Priority Areas	Affected Group	Major Issues	Actions Needed
Weak market linkages for non-strategic crops and livestock production	Smallholder farmers, and livestock holders	 Limited skills among government and farmers to identify market opportunities; Lack of clear signals for price, quality and quantity of rural produce; Poorly developed supply-chain services and private markets; Limited market infrastructure (collection, processing, cold storage, rural roads); Limited crops diversification; Lack of skills in post-harvest storage, value-adding and agro-processing activities; Weak bargaining position and negotiating skills of farmers. 	 Identify opportunities for expansion of markets, for local sale and for export; Development of network of rural business service providers, capable of supplying range of services; Help farmers to organize themselves into marketing groups, engage with supply-chain entities and improve bargaining position; Diversification into higher-value crops, the market for which is not controlled by the monopolies; Promote on- and off-farm SMEs and farmer skills, including post-harvest, value-adding and agro-processing; Generate and disseminate timely market information; Develop market infrastructure.
Gender mainstreaming	Poor rural women and men	 Higher illiteracy rates; Large family size; Lack of income-generating activities. 	 Literacy and skills training; Gender mainstreaming of project activities; Greater access of rural women to financial services and provision of gender-friendly technologies; Ensure women's representation and participation in farmer-based organizations and cooperatives.
Access to rural microfinance	Smallholder farmers and Bedouin herders, rural women, landless poor and unemployed youth	Rigid and inappropriate collateral requirements; Reluctance of commercial banks to extend credit to small farmers; Limited supply of microfinance.	Improve the business and investment climate for on- and off-farm SMEs; Medium- and long-term on-lending funds to be made available for production and investment into small holders and SMEs; Promote microfinance through involvement of financial intermediaries, such as MFIs, commercial banks and NGOs; Promote more innovative financial products to be offered by banks to overcome collateral difficulties.

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Institution	Strengths	Weaknesses	Opportunities/ Threats	Remarks
Ministry of Agriculture and Agrarian Reform	 Strong ownership and dedication to agricultural development National and large field presence; Good project implementation experience; Good discipline for implementation of instructions; Organized to address gender issues. 	 Overstaffing; Top-down attitude of most staff; Limited understanding of requirements of market economy; Limited community development skills and participatory processes; Extension service focused on enforcement of plans and penalization of farmers. 	 Decision-makers ready and willing to speed up reforms and modernization of public offices, and to adopt participatory approaches; Decision to separate enforcement from extension has been made but not yet implemented; Difficulty in downsizing public offices and re-orienting extension services. 	
Ministry of Irrigation	 Highly qualified technical staff; National and large field presence; High technical competence. 	Limited resources and political will to control over-extraction of groundwatrer; Limited skill for participatory irrigation management and formation of WUAs.	New water laws provide additional legal instruments to better control and manage water resources; Political pressure at the local level and inability to execute stringent groundwater management measures.	
SPC (Prime Minister's Office)	 Increased ownership and dedication to poverty alleviation National policy decision and development planning mandate; Ensures liaison with donor community; Responsible for overall coordination of all external assistance. 	 Limited presence in the field; Limited authority over line ministries, particularly at field level; Lack of operational capacity to ensure adequate M&E of agreed indicators; Slow capacity-building process to handle transition to market economy. 	 Transformation from state-controlled central planning to market-oriented economy; Strong commitment by the Prime Minister's Office to manage external assistance and coordinate inflows of development assistance. 	
Ministry of Local Administration & Environment	Comprehensive mandate and legal base for environment and natural resources management.	 Poor technical competence; Weak field presence; Limited budget to respond to new legislative framework. 	 Mandate and priority for sustainable development; Challenging state of the environment; Membership of international conventions and donor support. 	

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis) – (cont'd)

Institution	Strengths	Weaknesses	Opportunities/Threats	Remarks
Agricultural Cooperative Bank	 Mandate to work with farmers and rural businesses; Widest banking outlet in Syria. 	 Funding entirely dependent on Government; limited flexibility and sustainability of operations; Lending based on government policies to increase production outputs and not on economic opportunities; Stringent collateral requirements that render lending inaccessible to poor and rural women. 	Government's willingness to reform ACB; but process of reform, capacity-building, and reorientation of banking operations is low; High demand for micro, small and medium size loans in rural areas.	;
Agricultural cooperatives	Large membership; Ability to access services and inputs at subsidized rates.	 Strong control by Government; Limited participatory approach; Strong control by relatively large producers; Limited representation of small producers and women in management. 	Willingness to adoption of participatory approach and to participate in rural and community development activities.	
General Union of Women General Union of Farmers	Strong connection to Government for rights advocacy; Large presence in the field.	High dependence on Government; Limited participatory approaches.	Willingness to adopt participatory approaches and participate in rural and community development activities; Limited representation of small producers and women in community resources management.	
National NGOs	Legal base for establishment framed; Strong government support for capacity-building.	Limited number of local NGOs; Limited exposure and cooperation with international NGOs; Lengthy procedures for establishment.	Increased government recognition of NGOs role in community development; Possibilities of building on localized NGO activities; Loan funding to NGOs possible.	

Key file 3: Complementary donor initiative/partnership potential

Donor/Agency	Nature of Project/Programme	Project/Programme Coverage	Status	Complementarity/ Synergy Potential
UNDP	Regional development planning; institution-building.	Eastern Region: development of regional plan and establishment of regional authority.	Ongoing	Highly complementary
	Support for Business Innovation and Development Centre; capacity- building and TA for local entrepreneurs.	Deir Ezzor Governorate: marketing, feasibility studies; business development and technical needs.	Ongoing	Complementary
UNDP/GEF	Sustainable land management.	Eastern Region: coordination and scaling up of land management activities in rangeland management and irrigation.	Proposed pipeline	Highly complementary
UNDP/JICA	Rural community development and microfinance.	Jebel Al-Hoss: promotion and development of community-based microfinance.	Completed	Lessons learned
JICA	Water resources management; Water supply and urban water distribution projects	Brada-Awaj and Coastal basins, including strengthening and building up capacity of WRIC; development of modernized water resources information systems in each region and at the national level.	Ongoing	High synergy – water resources information system can be adjusted, upgraded and used in Eastern Region.
	Development of efficient irrigation techniques and extension.	Nationwide; water use efficiency; on-farm water management methods; capacity- building and training.	Ongoing	Highly complementary to on-farm irrigation promoted in Eastern Region.
World Food Programme	Support to small farmers and herders on marginal and degraded land.	Ten governorates with focus on Badea and adjacent lands.	Ongoing	High synergy
FAO	TA and capacity-building	Formulation of the National Programme for Food Security.	• ongoing	High synergy
	Agropolis: ALGHAB Programme Development	ALGHAB area.	Formulation	Lessons learned
FAO/Italian Cooperation	Institutional development of organic agriculture.	Nationwide: TA and support for sustainable development of organic farming.		
Italian Cooperation	Support to establishment of microfinance.	Nationwide.	• pipeline	synergy and complementarity

Key file 3: Complementary donor initiative/partnership potential – (CONT'D)

Donor/Agency	Nature Of Project/Project	Project/Project Coverage	Status	Complementarity/Synergy Potential
GTZ	TA for efficient use of water in irrigation and drinking water supply systems.	Nationwide for irrigation and cities of Aleppo and Damascus for drinking water supply.	Ongoing.	• Synergy
AFESD	Participatory range management	BRDP in nine governorates, cofinanced with IFAD.	Ongoing.	High synergy, lessons learned are of value for expansion of activities in future.
	Rural, agriculture and livestock development, community-based development, and microfinance; participatory land reclamation, soil conservation and water harvesting.	IRDP, cofinanced with IFAD	Ongoing.	 High synergy; approaches to community development and soil and water conservation. Lessons learned are valuable to the Eastern Region Project.
EU	Institution-building	 National: upgrading the capacity of central government bodies to conduct policies in line with liberalization of economy; achieving efficient banking and monetary system, and market-oriented economy. 	Ongoing.	Low to medium synergy
	Human resources development: modernization of vocational education and training.	National; establishment of vocational education and training system; to be used in support of the private sector with SMEs and restructuring of the public enterprise sector.	Ongoing.	Medium synergy
World Bank	Technical Assistance	Thematic analysis on reform of agriculture and irrigation sectors.	Ongoing	High synergy
Spanish Agency for International Cooperation	Rural development.	Raqqa Governorate, micro-credit and rural TA.	Potential	Medium to high synergy.
OFID	Community empowerment; farm productivity raising; natural resources management and irrigation; SME development.	NERRDP (cofinanced with IFAD). Three governorates: Hassakeh, Deir Ezzor and Raqqa.	Ongoing	High synergy
ICARDA	Research and TA	Agriculture, water management, livestock development, value chain and HMAPs	Ongoing	High synergy
ACSAD	Research and TA	Agriculture, water management, livestock development.	Ongoing	High synergy
ICBA	Research	Saline and marginal water.	• ongoing	High synergy

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Levels And Causes	Coping Actions	Priority Needs	COSOP Response
Small farmers and Bedouin herders	 High dependence ratios with large families and many dependants; Poor nutritional status; Low adult literacy rates; High fertility rates; Limited productive and household assets; Limited holding size; Limited and untimely availability of irrigation water; Depletion of groundwater resources; Limited use of improved cropping practices; Limited access to markets; Limited opportunities to diversity livelihoods into non-farm activities. 	Men and women work as casual labourers locally; Temporary labour migration to neighbouring countries; Public works projects for cash, food or vouchers; Sale of assets, including livestock; Support from relatives; Informal credit from friends and input suppliers.	Technical packages/training; Improved access to land and other productive resources (especially water); Better access to rural finance and markets; Institutional support to users and/or producer associations; Better access to off-farm income opportunities.	 Promotion of demand-driven, propoor research and extension, with more emphasis on non-strategic crops and crop-livestock integration; Promotion and support for improved on-farm, efficient water irrigation technologies; and promotion of water saving mechanisms and users' associations; Strengthening capabilities for improved groundwater management; Promotion of microfinance through best practices and pilot initiatives; SME development; Environmental awareness training.
Small livestock owners	 Insufficient fodder production due to drought; Risk of livestock losses from disease and drought; Inappropriate research and extension systems; Limited market access. 	Work as casual labour locally; Labour migration to neighbouring countries; Sale of animals and other assets; Loans from relatives and traders.	 Drought-resistant fodder varieties for animal consumption; Pro-poor research and extension and training; Better access to rural finance and off-farm income-generating opportunities; Better access to cultivable land and water. 	 Environmental awareness; Introduction of drought-resistant seed varieties and species; Better extension for crops and livestock; Technical training for off-farm activities; Promotion of micro finance; Empowerment of community-based associations.

Key file 4: Target group identification, priority issues and potential response – (CONT'D)

Typology	Poverty Levels And Causes	Coping Actions	Priority Needs	COSOP Response
Landless and unemployed youth	Low levels of literacy; Limited job opportunities; Limited possibilities for starting their own businesses due to lack of capital.	Work as casual labour locally; Labour migration to neighbouring countries; Sale of animals and other assets; Loans from relatives and traders.	Better income-earning opportunities; Training in management and technical skills; Access to financial and non-financial business services.	 Promotion of SMEs; Technical training for off-farm income-generating activities; Skill and basic management training; Promotion of microfinance through best practices and pilot initiatives.
Rural women	Low levels of literacy; Limited opportunities for income generating activities; Lack of access to assets, mainly land; Low level of skills; Low pay for activities.	Sale of assets including livestock; Support from relatives; Casual labour in agriculture, mostly in cotton harvesting locally and in vegetable crops in southern Syria.	Literacy and skills training; Better access to rural finance and markets; Empowerment and better representation in local associations; Income-generating activities.	 Literacy and skills training; Management training and capacity-building for community participation; Empowerment through community participation and establishment of producers' and other groups; Access to financial and non-financial business development services; Promotion of microfinance for on- and off-farm IGAs, particularly for livestock; Promotion of women's groups.