

Project Title Yemen-Seeds and Agricultural Services Project (@)

Region Middle East and North Africa

Sector Agriculture & Food Security

Project ID YEPA39171

Borrower Government of Yemen

Implementing Agency Ministry of Agriculture and Water
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Date of this PID March 12, 1997

Appraisal Date November 1996

Projected Board Date August 21, 1997

1. Background. Yemen has a population of about 13.7 million, over half of which depends on agriculture as the main source of income. Some 1.4 million hectares are cultivated and approximately 300,000 hectares are under irrigation. Agricultural growth has lagged behind population growth since the 1980s (averaging 2 and 3.3 percent respectively) which has led to increasing food imports. During the past three decades, crop production has grown mostly through area expansion. Crop yields are generally low and, with few exceptions, have stagnated or declined in recent decades. Further area expansion is unlikely as rainfed agriculture has reached its maximum limits, and indiscriminate water use in irrigation is leading to rapidly-falling groundwater levels. The main challenge now is to achieve accelerated growth through a more intensified agriculture and increased crop productivity while improving the use and management of water and other natural resources. The proposed project would help improve agricultural productivity by increasing the availability of superior seed and production inputs.

2. Objectives. The objectives of the project would be to help: (a) create enabling policy and legal environments for greater private sector participation in the seed and fertilizer subsectors; (b) improve the availability of quality seeds of superior land races and varieties as well as the management of the three existing seed centers; and (c) promote competition in the supply of fertilizers and spare parts in order to reduce shortages

3. Description. To achieve its development objectives, the project would carry out the following activities:

private sector promotion and seed/fertilizers quality control by helping enact and implement enabling seed and fertilizer laws, conducting private sector promotional media campaigns and establishing a quality control system. The project would finance laboratory analysis contracts, staff training, technical

assistance, office equipment and vehicles;

seed development, through the financing of contractual services for varietal sourcing, testing and release of superior varieties, as well as the selection of land races of local rainfed crops. The project would also help managerial technical assistance to enable the existing three seed centers to operate as autonomous, commercial enterprises. The project would finance seed development and office equipment, TA, training, vehicles as well as agricultural machinery;

expansion of input supply marketing channels by assisting the Agricultural Services Corporation (ASC) and a planned Agricultural Services Cooperative (ASCOO) to become involved in the import and distribution of fertilizers. In addition to the procurement of about 18,000 tons of fertilizers, heavy transportation equipment, spare parts, technical assistance, training and vehicles;

the establishment, for the duration of the project, of a Project Support Unit (PSU), which would be responsible for procurement, disbursement, project accounting and monitoring and evaluation. The project would finance technical assistance, staff allowances, vehicles and operating costs.

4. Cost and Financing. Present estimates put the project cost at about US\$14.3 million. It is anticipated that financing by the Government of Yemen would be about US\$1.6 million and the Agricultural Services Cooperatives (ASCO) about US\$0.2 million; IDA would contribute about US\$12.5 million.

5. Implementation. The project has been conceived and developed on a participatory basis. The Ministry of Agriculture and Water Resources would be the implementing agency. Local implementation would be carried out by the existing seed centers (Potato Seed Center - PSC, Seed Multiplication Center - SMC, Onion/Vegetable Seed Center - ONVC) which would become self-managed and self-sustained enterprises, as well as the Agricultural Services Corporation (ASC) and the Agricultural Services Cooperative (ASCOO). In addition, a National Seed Board (NSB) would be created through the restructuring of the existing Seed Steering Committee. It would have an advisory role on sector policy issues.

6. Sustainability. The creation of an enabling environment, which would include the formulation of a clear national seed policy and the enactment of legal and institutional frameworks, would enable private enterprises to enter the seed and input supply subsectors. The Ministry of Agriculture (GDPP) would play a pivotal role in supporting the private sector and promoting its increased participation. By creating the institutional structure and environment to make the PSC and the OVSC into commercial enterprises, the availability of quality seed of superior land races and varieties would be sustained without the need for Government budgetary support.

7. Poverty Category. Through its direct impact on raising agricultural productivity and farm income in the rural areas, where 84% of the poor live, the project would contribute to the alleviation of poverty, particularly in areas where farmers are engaged in rainfed agriculture.

8. Environmental Aspects. By developing pest and disease-resistant varieties, the project would help reduce the need for pesticides and insecticides use and hence, would have a positive impact on the environment. The selection of land races of major food crops would help conserve local genetic biodiversity. No negative effects are expected from the project on the environment nor will the project cause the resettlement of people.

9. Program Objective Categories. The project is designed with the double objective of promoting environmentally sustainable agricultural development as well as private sector participation in the seed and input supply sectors.

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Note: This is information on an evolving project. Certain components may not necessarily be included in the final project.

Processed by the Public Information Center week ending August 29, 1997.