

## Lebanon: Agricultural Infrastructure Development Project

Item	Assessment Remarks	Rating
<b>Country &amp; Project Name</b>	<b>Lebanon - Agricultural Infrastructure Development Project (AIDP)</b>	
Loan Number	448-LB	
ID Number	1036	
Board Date	June 1997	
Effectiveness Date	December 1999	
Original Closing Date	June 2003	
Final Closing Date	June 2005	
Total Project Cost USD(M)	USD 105 M	
IFAD loan USD (M)	USD 12 M (11.4% of total project cost)	
Cofinanciers (if any)	WB (IBRD- World Bank: International Bank for Reconstruction and Development) USD 31 M (29.5%), GOL USD 13 M (12.6%), beneficiaries USD 49 M (46.5%)	
Implementing Agency	Green Plan (GP) and Council for Development and Reconstruction (CDR)	
Principal Components	The main <u>objectives</u> of the project were to: (i) increase farmers' incomes and conserve the environment through land terracing and development and storage of run-off water in small hill-ponds; (ii) improve access to rural areas through the construction of agricultural roads; and (iii) strengthen the institutional capabilities of the Green Plan (GP) and Ministry of Agriculture (MOA) by upgrading their human and material resources. IFAD financing concerned only the following activities: retaining walls, concrete basins and small hill ponds. <u>Components</u> : i) Land and water development (co-financed by the WB and IFAD); ii) agricultural roads; and iii) institutional support to the GP and GOA (both financed by the WB). The IFAD financing represented only 11.4% of the total project costs.	
<b>Project Performance</b>		
Design	The project design has been realistic in focusing on the reconstruction needs of the borrower, emerging from many years of conflict and unfamiliar with the Bank procedures and practices. However, preparation and appraisal could have paid more attention to the real technical options for water harvesting preferred by the smallholders and to the need to streamline the GP's decision-making structure and procedures. This would have enhanced effectiveness. The Project has been designed under a program approach and in cooperation with the borrower. Under this approach, regular activities of the GP that respond to a set of agreed criteria would be financed by the Project, some by the WB and other by IFAD. Farmers' would also contribute to enhance ownership. A minimum IRR of 12% was among the selection criteria for land and water development activities. The four activities financed by IFAD have not been targeted separately neither by the SAR nor by the IFAD's President Report, undermining the identification of true needs and realistic targets. No gender strategy was foreseen at design.	3
Implementation	The project was implemented more slowly than planned and was in fact extended by two years in early 2002 following MTR. Only after this (after 3 years into the project and 2 years before project completion) project implementation became satisfactory. The MTR also proposed a restructuring of the IFAD loan, so as to cover not only the retaining walls but also hill ponds and concrete reservoirs in order to satisfy stakeholders' demands. Physical targets for land and water development were reduced in line with increases in unit costs since appraisal estimates. Total revised budget for retaining walls was disbursed while disbursement for concrete basins reached only 20%. The Green Plan's (GP) management procedures proved time consuming and not very efficient, and were responsible for initial delays in implementation. Moreover, GP lacked internal personnel to undertake implementation, leading to further delays due to the need to hire external staff. The project lacked a strong M&E system.	3
Relevance	The project objectives were clear and the project was well integrated within the reconstruction objectives of the agricultural sector. The techniques adopted by the project were relevant to the objectives as demonstrated by previous experiences. This strategy was relevant to GOL's agricultural strategy and to IFAD's strategic objectives. All target group are small farmers engaged in fruit and vegetable production, selected in a participatory manner. The Green Plan would work with local committees to prioritize the poor and target project assistance to those most in need.	5
Effectiveness	The project was implemented more slowly than planned (with closing extended by 24 months) and its original physical targets had to be reduced at MTR due to extremely slow implementation during the early years. Nonetheless, according to the PCR the project's development objectives have been met since project activities did contribute to increase farm income and improve soil quality. Still, PCR data do not show this to fully reflect what the project actually achieved when we compare project targets at appraisal and project achievements. Actual achievements have evolved in line with the farmers' demand due to the demand-driven and participatory nature of the project. <u>The number of beneficiaries from the main activities financed by IFAD reached around 5,800 farmers, compared to a target of 75,000 set at appraisal.</u> By the IFAD loan closing date (December 31, 2005), actual achievements for terrace retaining walls reached 98% of the revised target. Achievement	3

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	for concrete basins was 21% and 11% for hill ponds. Retaining walls benefited around 60% of the total beneficiaries, and 25% for concrete basins construction. A total of about 114 km of agricultural roads (40 agricultural roads in number) were built under the project, representing about 38% of the appraisal target and 87% of the revised target.	
Efficiency	The original project objectives were maintained throughout the life of the project, albeit with a reduction in the size of components due to slow progress during the first three years of the project implementation. Project closing was extended by two years. Overall project's outcome can be rated as modest since total disbursement reached 49.8% of the revised IFAD financing. Most of the IFAD financed activities was implemented during the last three years (2003 to 2005). The extremely slow implementation during the early years is related to the GP's procedures and regulations. The IRR is estimated at 16%.	5
<b>Partner Performance</b>		
IFAD	The SAR was drafted by the WB in August 1996. IFAD Loan was approved and signed in 1997, but became effective only in 1999. The IFAD's President report presented to the executive board in April 1997 was drafted on the WB's SAR without detailing activities financed by IFAD. As the WB financed around 90% of the project and supervised the implementation, the role of IFAD was mainly limited to financing. During the effective period of implementation of the project (2001 to 2005) IFAD played a limited role in supervision and implementation support. IFAD loan was restructured in 2002 to adjust to actual project implementation, leading also to a Loan extension of 2 years. There was no amendment to the Loan Agreement.	3
Cooperating Institution	Throughout the long implementation of the project, supervision missions were carried out on a regular basis and the Bank maintained a good relationship with the implementing agencies. Supervision reports gave accurate assessments of slow progress and constraints. The first three years of implementation were almost completely lost. However the main "breakthrough" remedial measures were left to the mid-term review. The recommendations proposed at mid-term review were subsequently enforced and a significant improvement in implementation was achieved.	4
Government	Early years of project implementation were plagued by a lack of commitment from the GP's highest management and difficulties in counterpart funding, which resulted in delays in the execution of the project's civil works. GP's performance was good considering the staffing and structural constraints it faced. The overall performance of Implementing Agencies (GP, the Environmental Information and Monitoring Committee (EIMC), and the Council for Development and Reconstruction (CDR)) can be considered as satisfactory only in the second term of the project.	3
NGO/Other	NA	NA
Cofinancier(s)	The WB's performance in identification, preparation assistance and appraisal of the project can be considered as relatively weak. The project was identified in July 1994 and appraised in March 1996, and became effective in 1997. The Bank helped the Government in getting support from the FAO/CP to conduct a full preparation mission in July 1995. The project design has been realistic in focusing on the reconstruction needs of the borrower. However, preparation and appraisal could have paid more attention to smallholders' technical preferences and to the need to streamline the GP's decision-making structure and procedures. During implementation, the Bank's physical targets were reduced and an amount of USD 7.0 million was cancelled from the original Bank loan of USD 31.0 million in July 2001. Downsizing of the Bank loan affected mainly the roads component. Physical targets for land and water development were also reduced in line with increases in unit costs since appraisal estimates.	2
<b>Combined Partner Performance</b>	Partners interacted well and overall undertook fairly the financial part of their responsibilities, but did not prevent project stagnation until MTR, strongly undermining project impact in spite of its strong relevance in post-war Lebanon. The project also suffered from design failures on behalf of both WB and IFAD.	3
<b>Rural Poverty Impact</b>		
Physical Assets	By the IFAD loan closing date, actual achievements for terrace retaining walls reached 98% of the revised target. Achievement for concrete basins was 21% and 11% for hill ponds. Retaining walls benefited around 60% of the total beneficiaries, and 25% for concrete basins construction. The total area treated with retaining walls is estimated at about 560 ha benefiting to about 3400 farmers. A total of about 114 km of agricultural roads (40 agricultural roads in number) were built under the project, representing about 38% of the appraisal target and 87% of the revised target. Impact on smallholders' livelihoods of building of agricultural roads was limited by WB's downsizing of funds for this component. Infrastructure built by the project allowed for increased agricultural production and financial assets for those target farmers it did reach.	3
Financial Assets	The main economic impact of the project is related to the increase in planted fruit trees in the hilly fallow lands. By terracing steep hilly lands, conserving their soils, planting them with fruit trees in lieu of erosion-conducive annual crops and storing potentially erosive runoff water for summer supplemental irrigation, well-to-do farmers have been able to	3

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	create employment for their families and neighbours, developed and protected natural resources from erosion, and substantially increased their income. Altogether, incremental agricultural production and/or reduction in transport and production costs translate into substantial increases farmers' incomes.	
Food Security	Increased income and diversification of agricultural production to fruit trees and mixed vegetables may have had an impact in food security but no reference is made to it in the PCR.	NR
Environment	The main environmental impact of the project is related to the increase in planted fruit trees in the hilly fallow lands, and how this contributed towards protecting natural resources, and reduce soil and water erosion. Land terracing, terrace consolidation through retaining walls, planting of orchards and the storage of run-off water in hill ponds and small reservoirs, all supported under the project, contribute to protect and improve soils quality. Environmental criteria for systematic screening of all agricultural roads construction and for land and water development have also been introduced for all GP's investments, and a small environmental unit has been introduced in the GP.	4
Human Assets	Storing potentially erosive runoff water for summer supplemental irrigation has improved farmers access to water throughout the year.	3
Soc. Cap. & Emp.	Smallholders were empowered as partners and co-financers of the GP throughout project implementation, and they were drivers for change as they asserted their preference for the construction of small concrete reservoirs rather than hill ponds. Still we cannot affirm that the project enhanced social cohesion.	3
Ag. Productivity	Following land terracing, land previously used for cereal cultivation has been planted with fruit trees or mixed vegetables. 84% of the land terraced by the project was cultivated already by 2004 with fruit trees and mixed vegetables. The cropping patterns improved during the five first years reaching 25% for cereals, 18% for mixed vegetables as well as for olives and 40% for mixed fruits which are more profitable for small farmers. Supplementary irrigation as well as improvement in the runoff water retaining walls significantly increased the yields.	5
Inst. & Serv.	The project has improved significantly the GP's institutional capabilities, in particular through the introduction of economic and environmental criteria for systematic screening of all agricultural roads construction and for land and water development. This procedure applies to all investments made by the GP, whether or not financed by the WB and IFAD. A small environment unit has been established within the GP, which now has an institutional capability to conduct and supervise simple environmental analyses of its activities and the design of environmental mitigation measures. However the procedures of the GP should be improved in order to respond faster to the farmer's demand.	5
Markets	The construction of agricultural roads has contributed to improving the access of rural populations to markets and services, with related savings for farmers on transportation costs.	3
<b>Project Impact</b>	The main economic and environmental impact of the project is related to the increase in planted fruit trees in the hilly fallow lands. At full development, it is expected that income of a one-hectare cereal farm would increase from about USD 300 to around USD 5,000-8,000 when it is planted respectively with fruit trees or mixed vegetables. By terracing steep hilly lands, conserving their soils, planting them with fruit trees in lieu of erosion-conductive annual crops and storing potentially erosive runoff water for summer supplemental irrigation, well-to-do farmers have been able to create employment for their families and neighbours, developed and protected natural resources from erosion, and substantially increased their income. The project achieved partly its development objective, but overall impact remains modest because of the <u>very limited number of beneficiaries</u> that it reached (when compared with targets at appraisal and also with the restructured IFAD project). Moreover, since the project just completed the implementation phase, according to the PCR it is not possible to assess what the actual impact of project actions will be.	3
<b>Overarching Factors</b>		
Innovation	There is no innovation in the water harvesting techniques used in the project since these techniques are known in Lebanon and largely used in many semi-arid countries. The project failed to implement innovations (like applying a group approach) although it had the possibility to do so.	1
Replicability and Scaling-up	The project can be scaled up in other similar semi-arid regions of the country, or replicated in other countries in a similar environment, but implementation of a new project should be based on a thorough institutional analysis to develop an appropriate project management structure.	2
<b>Innovation, Replicability and Scaling-up</b>	Overall assessment of innovation, replicability and scaling up is weak, since no innovation was undertaken in spite of the possibility to do so, and because in spite of the institutional strengthening of the GP during the project, the functioning of GOL institutions involved in project implementation would need to be changed to allow for efficient project implementation.	2

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Sustainability and Ownership	The project sustainability can be considered as highly likely since the project activities correspond to investments in land and water development consisting in cultivated land terraces towards which farmers financially contributed to and which are entirely operated and maintained by them. Altogether, it is estimated that farmers have contributed about 60% of total investment costs; therefore farmers have an obvious incentive to maintain this infrastructure. The main constraints are related to land property, multi-owners for one plot, scattered rehabilitated plots, high investment costs and long administrative procedures.	4
Targeting	The project covered five provinces. Within each region, the GP's regional offices would allocate more resources to village or communities where demand for assistance was higher and featured by high level of poverty. Due to the demand driven approach, these five regions did not however benefit equally. The Project targeted 9 600 small farm families, engaged in fruit and vegetable production, corresponding to 75 000 beneficiaries. Representative of population helped to: (i) differentiate between farmers who rely on farming to make a living from those who have additional sources of income and (ii) determine which potential beneficiaries of the project are the poorest.	4
Gender	The PCR does not present any information related to gender, or to any activity implemented by or aimed at specifically benefiting women.	1
<b>Overall Performance</b>	As a whole, the project performed modestly. The project was very relevant to post-war Lebanon and had great potential for making real impact. Indeed, it had a very positive impact on those smallholders it eventually reached, although these were a much reduced number than expected at appraisal and even after project restructuring. Unfortunately, the project started functioning properly only after MTR, allowing for a short time for implementation.	<u>3</u>
<b>PCR Quality</b>		
Scope	The PCR follows the new PCR guidelines. Stakeholder workshops did not take place because of early departure of the mission, due to the political situation in Lebanon.	3
Quality	The analysis is convincing, but data are not very well presented throughout the text, with many repetitions.	3
Lessons	Lessons are concise and logically driven. They are relevant to the specific project and the possible implementation of a new one of the same sort. General recommendations such as the need for a sound M&E system and suitable trained personnel for project implementation are also driven.	4