



1. Project Data :		Date Posted : 06/27/2000	
PROJ ID: P003221	OEDID: C2422	Appraisal	Actual
Project Name : Agricultural marketing and processing infrastructure	Project Costs (US\$M)	68	24.36
Country: Zambia	Loan/Credit (US\$M)	33	21.11
Sector, Major Sect .: Other Agriculture, Agriculture	Cofinancing (US\$M)	12.5	Not Available
L/C Number: C2422			
	Board Approval (FY)		93
Partners involved : AfDB	Closing Date	06/30/1999	06/30/1999
Prepared by :	Reviewed by :	Group Manager :	Group:
Madhur Gautam	Klas B. Ringskog	Ridley Nelson	OEDST

2. Project Objectives and Components

a. Objectives

The aim was to increase agricultural production in response to recent economic reforms . Specific objectives were:
 (i) support and deepen the reforms initiated under the stabilization and structural adjustment programs
 (ii) stimulate private sector participation in maize marketing and milling, fertilizer distribution, and rural transport
 (iii) commercialize these activities by reducing government involvement, making them more responsive to market prices and commercial bank financing and less dependent on budgetary subsidies
 (iv) rehabilitate rural roads and transportation to increase agricultural production
 (v) rehabilitate, on a pilot basis, about 20,000 ha of abandoned or underutilized commercial farmland in high potential areas
 (vi) promote women's access to credit and job opportunities generated by the project .

b. Components

(i) Private Sector Development through lending for working capital and investment in rural marketing, input supply, maize milling, rural transport, rural road maintenance (51% of total costs)
 (ii) Rural Roads Rehabilitation and Maintenance of 1000 km of rural roads in three provinces where market liberalization and price decontrol were fully implemented, and strengthen capacity for road maintenance (30%)
 (iii) Market Development and Monitoring to support the Marketing and Logistics Information Center to collect, analyze and disseminate market information and provide training for private traders (2%)
 (iv) A Policy Reform Package to support an environment conducive to achievement of project objectives (0%)
 (v) Technical Assistance to support implementation of above components (17%).

c. Comments on Project Cost, Financing and Dates

The ICR estimates final project costs to be 36% (US\$24.36 million) of appraisal estimate (US\$68 million). The actual contribution of AfDB, Commercial Banks and Beneficiaries is not known, although AfDB provided the Project Coordinator's salary for the first two years . IDA credit was 64% disbursed (US\$21.11 million of US\$33 million loan) and the government's contribution was only 21% (US\$3.25 million) of the expected US\$15.5 million. Overall, IDA share of final costs was 87% and the government's 13%, compared to the respective appraisal estimates of 48% and 23%.

3. Achievement of Relevant Objectives :

The project achieved only some of its objectives . The sectoral policy objectives were satisfactorily achieved, which has encouraged private sector participation in output and input markets . The improvement in the participation of the private sector (mainly through the credit component) and road rehabilitation objectives were only partially implemented and their achievements have been modest. The roads component was significantly delayed as a result of the transfer of responsibility for rural roads from the Ministry of Works and Supply to the Ministry of Local Government and Housing. Eventually, phase one of the component, for 550 Km of roads, was successfully completed. The second phase was not completed because of procurement delays . The market development and monitoring component was not completed as it was taken over by an identical project financed by FAO and the Netherlands. The establishment of grading and standards for agricultural outputs and inputs was not realized because the Zambia Bureau of Standards failed to secure a building for project equipment . Achievement of the

technical assistance components have also been modest, and restricted to the rural roads component; the TA for other components was not delivered. The ICR makes no mention of the achievements towards the objectives of rehabilitating abandoned or underutilized commercial farms or progress in promoting women's access to credit and jobs opportunities.

4. Significant Outcomes /Impacts :

Liberalization of markets as a result of the policy reform package, which has encouraged private sector participation in input and output markets.

5. Significant Shortcomings (including non-compliance with safeguard policies) :

The major share of the anticipated project costs derived from lending to the private sector. However, when the credit component finally started to disburse, the component was closed with the expectation that another project would take over the lending activities. However, the other project suffered implementation delays. Overall, the project failed to provide significant improvements in the marketing and processing infrastructure, or in the market information systems or the grading and standardization of inputs and outputs. The roads components also felt significantly short of its targets, reducing the anticipated benefits. For the roads that have been rehabilitated, maintenance arrangements are being incorporated in the roads sectoral investment program, which remain untested. Poor implementation arrangements and project management led to significant delays and reduced project effectiveness. All of these failures have undoubtedly significantly reduced the impact of the project in meeting its goal of increasing agricultural production.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev. :	Negligible	Negligible	
Sustainability :	Likely	Likely	This rating is based on the limited achievements of the project, namely the policy reforms, the establishment of a market-based economy, and the limited investments financed by the project, which are likely to be sustained. The sustainability of the achievements under the roads component, however, is uncertain.
Bank Performance :	Satisfactory	Unsatisfactory	ICR notes the deficient quality at entry and poor supervision. It takes into consideration non-project Bank initiatives in judging Bank performance (sector investment programs and other projects which essentially took over project activities). However, attention to these programs reduced the status of the project to the point of neglect both by the Bank and the borrower.
Borrower Perf. :	Deficient	Unsatisfactory	Same rating.
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

1. Project appraisal needs to undertake a detailed analysis of institutional capacity and incorporate appropriate and effective coordinating mechanisms in the project's design when several implementing agencies are involved.
2. The Bank needs to make firm decision whether to continue with a project or to fold it into other programs to ensure that progress towards project objectives is not compromised.
3. An old lesson reiterated is the need to establish a functioning monitoring and evaluation system, not only to assess project impact, but also to ensure implementation is on track.

8. Audit Recommended? Yes No

9. Comments on Quality of ICR :

The ICR provides a good account of the implementation experience and outcomes. It does not, however, mention anything about two of the project's objectives (rehabilitation of large scale farms or gender issues).

