



<b>1. Project Data :</b>
<b>OEDID:</b> C2045
<b>Project ID:</b> P005879
<b>Project Name:</b> Third Wadi Hadramawt Agricultural Project
<b>Country:</b> Yemen
<b>Sector:</b> Agriculture Adjustment
<b>L/C Number:</b> C2045
<b>Partners involved :</b> Kuwait Fund for Arab Economic Development (KFAED), and Arab Fund for Economic and Social Development (AFSED).
<b>Prepared by:</b> John English, OEDST
<b>Reviewed by:</b> Alain Barbu
<b>Group Manager:</b> Roger Slade
<b>Date Posted:</b> 06/25/1998

## **2. Project Objectives, Financing, Costs and Components :**

Project objectives were to consolidate and expand developments in Wadi Hadramawt so as to ensure sustainable agricultural production and to improve the income and living standards of project beneficiaries, while paying attention to conserving the environment.

As originally appraised, the project had an estimated cost of US\$ 41.8 mil, to be financed by IDA (\$12 mil), Kuwaiti Fund (\$11.9 mil), Arab Fund (\$8.5 mil). It became effective in June, 1990, but this was immediately followed by the Gulf War, which led to a severance of relations between Yemen and Kuwait and the withdrawal of the Kuwaiti Fund from support of the project. A restructuring of the project was proposed in 1992 and approved by the Board in March 1994. This provided for a revised project cost of \$ 27.1 million. The broad objectives remained the same, but the components were modified and, as restructured included :

1. Groundwater irrigation and on-farm works on about 1,450 ha (reduced from 3,000 ha);
2. Rehabilitation of about 2,700 ha of traditional spate irrigation works;
3. Agricultural development: to include: strengthening of research and extension; development of fruit nursery; support for farm mechanization, on-farm development, and input supply; and technical assistance, training and equipment for the above. Following restructuring, forestry and sand dune stabilization activities, and funds for a plan for resettlement of farmers in the Southern Governorates and additional planning studies were added; and
4. Project management.

## **3. Achievement of Relevant Objectives :**

In mid-1994 a civil war erupted and caused a further delay of several months, and activity did not pick -up until 1995. Moreover, the Arab Fund continued to withhold funding. As a practical matter, a reduced program, using only IDA and local funds was undertaken. The loan was closed in September, 1997. Total expenditure was US\$8.1 million.

The project's limited achievements were in accordance with its broad, general objectives. However, because of lack of cofinancier funding, no groundwater irrigation was undertaken but, with local participation, spate irrigation works covering about 4,000 ha were constructed. Forestry and sand-dune stabilization work was largely achieved. No on-farm development, mechanization or input supply was undertaken. A reduced training, research and extension program was maintained satisfactorily.

## **4. Significant Achievements :**

The most significant achievement was to maintain a modest level of relevant activities in the face of a succession of adverse, and largely external, series of events. Although it was not possible to achieve much of the revised project, as approved by the Board in March, 1994, a useful (if reduced) program of work was maintained and its major elements are being continued under the Southern Governorates project. The ERR of the project was re-estimated to be 10%, compared to an estimate at restructuring of 11.5%

## **5. Significant Shortcomings :**

Because of the external factors major elements of the originally envisaged program had to be abandoned.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Marginally Satisfactory	Major elements of the restructured project, as described in the revised credit agreement (approved by the Board in March, 1994) were not achieved. This would normally result in an unsatisfactory rating. However, OED rates the outcome as marginally satisfactory because: (i) most of the shortfall arose because of events which were outside the control of the project, the Bank, or the Borrower (i.e. cessation of support by cofinanciers for political reasons, and civil war), and did not result in any way from project design; and (ii) those activities which were undertaken are judged to have been economically justified.
<b>Institutional Dev .:</b>	Partial	Modest	
<b>Sustainability :</b>	Uncertain	Uncertain	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**7. Lessons of Broad Applicability :**

To reduce project implementation risks, core elements of the project should be funded by IDA, or there should be cross-conditionality with co-financiers

**8. Audit Recommended?** ☐ Yes ☒ No

**9. Comments on Quality of ICR :**

The ICR is judged to be satisfactory. However, it does not report that the amendments to the Credit Agreement incorporating the restructuring were approved by the Board in 1994.