



1. Project Data:		Date Posted : 03/25/2004	
PROJ ID: P069325		Appraisal	Actual
Project Name: Emergency Farm Reconstruction Project	Project Costs (US\$M)	25.0	18.14
Country: Kosovo	Loan/Credit (US\$M)	10.0	14.1
Sector(s): Board: RDV - Animal production (66%), Agro-industry (33%), Agricultural extension and research (1%)	Cofinancing (US\$M)	15.0	4.04
L/C Number:			
	Board Approval (FY)		00
Partners involved : Netherlands, Italy, Sweden	Closing Date	12/31/2001	06/30/2003
Prepared by :	Reviewed by :	Group Manager :	Group:
Christopher D. Gerrard	Roy Gilbert	Alain A. Barbu	OEDST

2. Project Objectives and Components

a. Objectives
To help re-establish agricultural production in Kosovo over the two to three cropping seasons following the approval of the project in June 2000 and to support re-launching of the rural economy by investing in key farm assets such as livestock and agricultural machinery and key agricultural services such as veterinary services and policy analysis and formulation capacity.

b. Components
Note: There are two distinctive views on this project. (1) The PAD describes this project as a US\$ 25.0 million project with initial-phase financing US\$ 11.8 million, to be followed by additional cofinancing from unidentified bilateral donors of US\$ 13.2 million. The cattle restocking and farm machinery components would take place in the three most damaged municipalities during the initial phase, and be extended to five additional municipalities during subsequent phases. (2) On the other hand, the ICR tends to view the project as an \$ 11.8 million operation which was extended from 18 months to 3 years, and from three to six municipalities, with the receipt of additional financing of US\$ 6.5 million (US\$ 4.1 million of which came from the Bank's Kosovo Trust Fund and US\$ 2.4 million of which came from bilateral donors). OED's assessment is based on first view.

The project had four components:

(1) **Re-establishing the cattle herds** (\$6.82 million actual; \$11.80 million at appraisal): Purchasing imported cattle for distribution, on a grant basis, to families in selected municipalities, according to specified criteria, and providing after-delivery services such as veterinary services, feed concentrate, and artificial insemination .

(2) **Rehabilitating veterinary services** (\$1.02 million actual; \$1.30 million at appraisal): Providing veterinary equipment and drugs to private veterinarians; rehabilitating and equipping one central diagnostic laboratory and three regional public health centers; and providing support for artificial insemination services and a limited number of bulls in remote locations.

(3) **Repairing and replacing farm machinery** (\$6.00 million actual; \$7.90 million at appraisal): Repairing damaged farm machinery and distribution of new farm machinery, on a grant basis, to beneficiaries in selected municipalities, according to specified criteria.

(4) **Capacity building** (\$0.97 million actual; \$0.90 million at appraisal): Providing international and national expertise to the newly established Agriculture Department of the U.N. Interim Administration in Kosovo (UNMIK) to help analyze and formulate a broad range of agricultural policy issues and responses .

(5) **Project management** (\$3.33 million actual; \$3.1 million at appraisal)

c. Comments on Project Cost, Financing and Dates

The World Bank provided grants of \$10.0 million for the initial phase and \$4.1 million subsequently, both from the Kosovo Trust Fund that had been established by means of an exceptional transfer from the Bank's net income in September 1999. The Netherlands provided \$1.8 million for the initial phase, while Italy and Sweden subsequently provided \$1.37 million and \$1.0 million, respectively. The project was implemented and managed by FAO on behalf of UNMIK and its newly established Department of Agriculture, which was transformed into the Ministry of Agriculture, Forestry, and Rural Development (MAFRD) during the course of the project.

3. Achievement of Relevant Objectives:

FAO implemented the project remarkably well at a time when project implementation capacity was essentially nonexistent in Kosovo, while gradually transferring responsibility to MAFRD during the course of the project .

- The livestock component not only increased the number of livestock in Kosovo, but also upgraded the genetic stock and improved animal husbandry techniques, leading to higher milk and meat production .
- The provision of equipment and training to private veterinarians revitalized veterinary services in support of the growing livestock sector, including restoring artificial insemination (AI) services in Kosovo and introducing AI into rural areas.
- The farm mechanization component repaired 2,414 tractors and provided 202 new tractors and implement sets to 176 villages, leading to increases both in the land area cultivated and in yields per hectare . However, more flexibility with respect to the procurement of machinery, including, as originally designed, the issuing of vouchers to primary beneficiaries for them to purchase tractors and implements from local dealers more in line with their own preferences and needs, might have increased the project impact .
- The capacity building component -- which comprised staff training (both within Kosovo and abroad), a series of eight of sector studies, technical assistance in developing administrative and IT procedures, and a major agricultural policy workshop in September 2002 -- succeeded in establishing a functioning Ministry of Agriculture, Forestry, and Rural Development in Kosovo . MAFRD has completed a strategy document (the Green Book) for agriculture and rural development in Kosovo which is now considered MAFRD's mission statement. Six agricultural laws have been drafted and approved since MAFRD was established in 2002.

4. Significant Outcomes/Impacts:

As a lesson learned from other agricultural emergency operations (in particular, in Bosnia/Herzegovina), a strong M&E system was built into the project design, which provided timely feedback, attention to problems, and continual improvements in implementation.

The beneficiary selection process introduced a transparent and democratic selection process at the village level which became, after initial resistance, widely accepted . NGOs' performance during beneficiary selection was critical to the smooth implementation of this aspect of the project .

The project succeeded in designing and implementing cost-recovery mechanisms to ensure that private benefits received by primary beneficiaries were shared within each community . Cattle recipients were expected to distribute some of their milk to relatives and neighbors and to provide new-born calves to neighbors . Tractor recipients were expected to carry out cultivation operations for a group of secondary beneficiaries in each village, without payment except for tractor fuel to be provided by secondary beneficiaries . Private veterinarians receiving equipment and training were expected to provide free veterinary visits and AI services within each village for a period of time . That nearly all primary beneficiaries completed their obligations can be attributed to the primary beneficiary selection process, community and secondary beneficiary pressure, regular monitoring and supervision, and threats for non-compliance, such as the re-possession of tractors .

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

The project obtained only US\$ 2.4 million in additional cofinancing from unidentified bilateral donors for subsequent phases compared to the \$13.2 million envisaged in the PAD. US\$ 4.1 million of the US\$ 6.5 million of actual funding for subsequent phases came from the Bank's Kosovo Trust Fund . The ICR does not give any reasons for the shortfall.

The project failed to become effective in time for the first (2000) cropping season after the 1999 conflict, as had been envisaged during the initial project design, due to delays in establishing effective institutional arrangements among the three principal parties (IDA, UNMIK, and FAO) for implementing the project. On the other hand, it can be considered a major achievement of the preparation phase that the difficulties in setting up the implementation agreements between IDA, UNMIK, and FAO were overcome in such a short period of time (2 to 3 months). In addition, a PPF became available for the project in May 2000 that allowed the start-up of project activities.

While a Central Veterinary Diagnostic Laboratory (CVDL) was established in Kosovo, unresolved institutional issues between the Kosovo Veterinary Service (the owner of laboratory equipment) and the Faculty of Agriculture (which claims to own the site) resulted in little diagnostic work being performed before project closing . However, 6 months after project closing, the CVDL reported successful operation and substantial testing of samples, through which the Kosovo Veterinary Service has achieved observer status at the OIE .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Highly Satisfactory	Satisfactory	The project had some shortcomings (see 5). A highly satisfactory project has to achieve or exceed all its major relevant objectives efficiently without major shortcomings
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Highly Satisfactory	Satisfactory	Quality at entry was less than fully satisfactory due to confusion about funding arrangements and implementation period.
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

(1) The Special Relief Operations Service of FAO implemented the project remarkably well . However, developing effective institutional arrangements to implement the project was a major challenge that delayed the preparation and effectiveness of the project until after the spring 2000 cropping season. Previously agreed-upon understandings on fiduciary arrangements (harmonization) between the Bank and U.N. agencies that encompass post-conflict situations would facilitate the preparation and implementation of post-conflict projects.

(2) A well functioning monitoring and up-to-date data management system is crucial in order to identify problems at an early stage and to take immediate and appropriate action .

(3) The strong involvement of local institutions and effective communication are key to successful targeted beneficiary selection and cost-recovery. This project provides goods examples (briefly described in 4 above) for future projects.

(4) Effective capacity building requires participation, involvement, and cooperation among international experts, local experts, high-level decision-makers, senior staff, and counterparts in government departments and agencies . It also requires time and commitment to both in-country training (including administrative procedures) and overseeing study tours and training courses.

8. Assessment Recommended? Yes No

Why? There would appear to be important lessons to confirm from this project . The ICR rated overall outcome and Bank performance as highly satisfactory . The beneficiary selection and cost-recovery processes seem exemplary. The project also appears to have been successful in turning emergency measures into sustained development by incorporating developmental/ institution building efforts in addition to emergency -type activities.

9. Comments on Quality of ICR:

This is satisfactory. This was an intensive learning ICR including a beneficiary assessment based on fieldwork carried out in December 2002 and January 2003 (Annex 8) and a stakeholder workshop held in Pristina on June 10, 2003. The quality of the monitoring and evaluation data with respect to the distribution of cattle and farm machinery in Tables 4.2 through 4.6 is exceptional, which also demonstrates that effective M&E is possible, even in a post -conflict situation.

On the other hand, the ICR's description of the project is not consistent with that in the PAD, as discussed in 2b above, resulting in some confusion regarding the projected timing, funding, and scope of the project . It would also have helped if the beneficiary selection process, which the ICR asserts is a major reason for the success of the project, had been summarized in the main text of the ICR, rather than simply attached as additional Annex 10.