

ICR Review
Operations Evaluation Department

1. Project Data :

OEDID:
OEDID : C1997
Project ID : P003551
Project Name : Shaanxi Agriculture
Country : China
Sector : Other Agriculture
L/C Number : C1997

Partners involved :

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2. Project Objectives, Financing, Costs and Components :

Objectives: The objectives were to boost farm production and incomes of poor households and to provide clean water through investments in irrigation, rural water supply, and agricultural services .

Components: (i) improving and expanding the Donglei irrigation system and supplying water to rural areas; (ii) providing potable water and irrigation in Dingbian County; (iii) establishing fish ponds and poultry operations; (iv) constructing seed processing and certification plants and supplying fertilizer; (v) constructing and equipping agro-processing pilot plants; and (vi) local and international training.

Costs and financing: At present project cost are re-estimated at US\$ 300 million (US\$ 237.5 million at appraisal). The Bank credit of US\$ 106 million equivalent was approved on September 19, 1989, and closed, three years late but fully disbursed . However the project's main components will only be completed by December 1999.

3. Achievement of Relevant Objectives :

While the project is not yet complete, at this juncture, it is expected that the project's major components - Donglei irrigation and Dingbian water will be satisfactory completed and efficient operation and maintenance systems be put in place. The economic assessment is re-estimated on that basis and remains close to the appraisal estimates . The other components of aquaculture, poultry, agro-processing and seed processing have been implemented successfully . Their results are significant with the introduction of new technologies which have increased production substantially .

4. Significant Achievements :

The agro-processing aquaculture and livestock components have enabled the collective and private sectors to develop and have already been successful in generating significant employment opportunities and improving the living standard of about 15,000 households. The overall re-estimated ERR is 20% (compared to 23% at appraisal)

5. Significant Shortcomings :

The implementation schedule for the project's main components - Donglei Irrigation and Dingbian Water Supply - was far too optimistic and failed to make allowances for the size and complexity of the schemes and for the limited implementation capacity of Shaanxi Province .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<input type="checkbox"/>	Outcome : Unsatisfactory	Satisfactory	While the main components are not yet completed these are expected to be completed by December 1999 and satisfactory operation and maintenance systems will be in place . Plans were already drawn up in 1994 and revisited in 1996.
	Institutional Dev .: Partial	Modest	Shaanxi province is very advanced in reforming water institutions by corporatizing and commercializing them. On the other hand there were many changes and institutional conflicts in project management.
	Sustainability : Likely	Likely	The sustainability of the two major schemes could be affected by failure to complete the remaining works and to introduce an efficient O&M system and to collect adequate water charges. However these risks are at present regarded as very low.
	Bank Performance : Satisfactory	Satisfactory	
	Borrower Perf .: Satisfactory	Satisfactory	
	Quality of ICR :	Satisfactory	

7. Lessons of Broad Applicability :

(i) Timely allocation of counterpart funding requires more than obtaining assurances during negotiations . Sources of such funds should be identified and agreed at appraisal . (ii) Small but management intensive components should not be merged with major construction in one projects as this increases complexity of such combined projects and hampers coordination of their implementation and completion . (iii) Organization and implementation arrangements and the politics of institutional dynamics require sufficient attention during preparation and appraisal.

8. Audit Recommended? Yes No

Why? The project is not yet completed and would therefore provide an opportunity to do an audit early in the next century. Such an audit would combine the audit of completed irrigation and water component with a participatory beneficiary assessment of the other components .

9. Comments on Quality of ICR :

The quality of the ICR was satisfactory. The key issues were well argued and clearly presented . The recalculation of the ERR was particularly apposite, but given that it was 20% for the whole project the rating of unsatisfactory seems curious. Nice pictures but no map. The ICR notes that the project will need to be revisited, but it is not completely clear how this will or can be done . However, the region has subsequently clarified that this will be done as part of the supervision of the new Guanzhong Irrigation project in Shaanxi province.