

PROJECT COMPLETION REPORT (PCR)

A. PROJECT DATA AND KEY DATES

I. BASIC INFORMATION

Project Number: P-SZ-AAC-003	Project Name: Lower Usuthu Smallholder Irrigation Project (LUSIP)	Country (ies): Kingdom of Swaziland	
Lending Instrument(s): ADB Loan		Sector: Agriculture	Environmental Classification: Category I
Original Commitment Amount: ADB Loan UA 10,216,967.67 equivalent to 98,498,618.00 ZAR	Amount Cancelled: None	Amount Disbursed: UA 98,498,617.84	Percent Disbursed: 100%
Borrower: The Government of Swaziland			
Executing Agency(ies) [List the main Ministries, Project Implementation Units, Agencies and civil society organizations responsible for implementing project activities.] Ministry of Agriculture and Cooperatives (MACO), Ministry of Energy and Natural Resources (MENR), Ministry of Health, Swaziland Water and Agricultural Development Enterprise (SWADE-PIU), Agricultural Development Management Unit (ADEMU) for Downstream Development, Department of Water Affairs (DWA), and the Environmental and Downstream Development Management Unit (EDDMU).			
Co-financers and other External Partners [List all other sources and amounts of financing, technical assistance or other resources used in this project] Government (UA 14.76 million) BADEA (UA 8.61 million), Beneficiaries (UA 3.79 million), DBSA (UA 11.35 million), EIB (UA 19.98 million), EEC (UA 8.85 million) and IFAD (UA 14.07 million).			

II. KEY DATES

Project Concept Note Cleared by Ops. Com. N/A	Appraisal Report Cleared: NA	Board Approval: 27 November 2003	
Restructuring(s) N/A			
	Original Date	Actual Date	Difference in months [Actual-Original]
EFFECTIVENESS	December 2004	13 DECEMBER 2004	0
MID-TERM REVIEW	NA		
CLOSING	31 déc 09	31 déc 10	12

III. RATINGS SUMMARY

All summary ratings are auto-generated by the computer from the relevant section in the PCR.

CRITERIA	SUB-CRITERIA	RATING
PROJECT OUTCOME	Achievement of Outputs	4
	Achievement of Outcomes	4
	Timeliness	4
	OVERALL PROJECT OUTCOME	4

BANK PERFORMANCE	Design and Readiness	4
	Supervision	4
	OVERALL BANK PERFORMANCE	4
BORROWER PERFORMANCE	Design and Readiness	4
	Implementation	4
	OVERALL BORROWER PERFORMANCE	4

IV. RESPONSIBLE BANK STAFF

POSITIONS	AT APPROVAL	AT COMPLETION
Regional Director	G. Giorgis	A. Beileh
Sector Director	E.G. Taylor-Lewis	Aly Abou-Sabaa
Task Manager	Aly Abou-Sabaa	Wael Soliman
PCR Team Leader		Wael Soliman
PCR Team Members		Meng Lihinag Jean Marie (OSAN.3) and Hamadi Lam (consultant)

B. PROJECT CONTEXT

Summarize the rationale for Bank assistance. State:

- what development challenge the project addresses,
 - the Borrower's overall strategy for addressing it,
 - Bank activities in this country (ies) and sector over the past year and how they performed, and
 - ongoing Bank and other externally financed activities that complement, overlap with or relate to this project.
- Please cite relevant sources. Comment on the strength and coherence of the rationale.

[250 words maximum. Any additional narrative about the project's origins and history, if needed, must be placed in Annex 6: Project Narrative]

More than 40% of the population in Swaziland lives in absolute poverty, mostly in the rural areas. To address this issue (NDS) anchored on the country's development agenda as spelt out in the government's long term vision, and the Swaziland Poverty Reduction Strategy and Action Programme (PRSAP). The strategy proposed to reduce the structural gap between smallholder farmers and the formal private sector in agriculture by creating conditions to enable and encourage smallholders to emerge as a commercially-oriented sub-sector. Such conditions included provision of water for irrigation to enable more Smallholder Sugar cane farmers engage in profitable farming. However, dry season water shortages in the Usuthu River constrained further development. To overcome this, it was decided to use peak flow water storage from the Usuthu River for the development of the Lower Usuthu Basin in two phases starting with the Lubovane Block (6,500 ha) followed by the Matata Block (5,000 ha). The efforts of the Bank on Upstream Works is being complemented by the activities funded by IFAD, BADEA, DBSA, EIB, and EU for the Downstream Development, Environment, and Project Management Components of the Project

In the agricultural sector, the Bank is presently undertaking the Komati Downstream Development Project designed to provide agricultural development of 5,200 ha of irrigated farms and basic infrastructure development. The project is performing well with the establishment so far of more than 4000 ha out of a total of 5,200 ha targeted at appraisal.

C. PROJECT OBJECTIVES AND LOGICAL FRAMEWORK

1. State the Project Development Objective(s) (as set out in the appraisal report)

The overall objective of the project is to reduce poverty through increased household income, enhanced food security and improved access to social and health infrastructure for the rural population by creating the conditions for the transformation of subsistence level smallholder farmers into small-scale commercial farmers

2. Describe the major project components and indicate how each will contribute to achieving the Project Development Objective(s).

The project comprised four main components: (A) Upstream Works (including construction of 3 dams) and Distribution System, (B) Downstream Development, (C) Environmental Mitigation, and (D) Project Coordination and Management.

Upstream Works and Distribution System component: this component was to provide all the technical investigations, detailed designs. Through the component, three dams, diversion weir, saddle dam, water reservoir, and distribution system were to be constructed. This was to allow delivering water to the irrigable areas and serve about 130 individual irrigation schemes. **Downstream Development:** The component comprised four subcomponents:

(i) Development of Policy and Legal Frameworks: consisted of putting an appropriate legal framework in place for water user associations, irrigation district and catchment authority. It was also to assist on land settlement and refining the land policy and the draft Rural Planning, Development and Resettlement Act; (ii) Participatory Planning and Irrigated Farm Development: This was to prepare the land use planning, involving beneficiaries, for the establishment of irrigated areas; (iii) The Development of Irrigation and Management Institutions: Establishment and support of water user associations (WUA) to manage efficiently the irrigation network and schemes; and (iv) Agriculture Commercialisation: designed to assist communities and interest groups with land use and farm enterprise planning process and market linkage. This component would contribute to provide appropriate environment for commercializing Smallholder Sugar Cane production.

Environmental Mitigation Component: comprised four subcomponents: (i) Fine-tuning of the Comprehensive Mitigation Plan (CMP): The CMP that was prepared during the EIA study was to be fine-tuned at the various stages of project implementation to incorporate inputs from the detailed design; (ii) Resettlement Planning and Compensation: This planning was to provide specific information on the number of people to be resettled, land holding size to be allocated, host areas for resettlement; (iii) Public Health and sanitation facilities: intended to provide health care delivery and purified Household Water Supply for project beneficiaries; (iv) Environmental Conservation, Monitoring and External Review: Financing a community based natural resources management through a Project Fund. This was to encourage communities to take interest and responsibility for natural resources management in their locality. The activities under this component would allow to have a sound environmental safeguards, prevent water borne diseases and strengthen the capacity of the communities.

Project Coordination and Management component: An externally recruited team comprising technical and fiduciary expertise was put in place for the implementation of the project. The recruitment of this qualified team made it possible to implement smoothly the project and reach out the expected outcomes. The overall coordination was under the responsibility of SWADE. An Environmental and Downstream Development Management Unit (EDDMU) to provide technical support, training, extension, monitoring and evaluation was set up and is functional.

PROJECT OBJECTIVES DIMENSIONS		ASSESSMENT	WORKING SCORE
RELEVANT	a) Relevant to the country's development priorities	Project objectives were relevant to the country National Development Strategy for achieving food security and increase the well being of citizens through equitable and sustainable use of existing natural resources.	4
ACHIEVABLE	b) Objectives could in principle be achieved with the project inputs and in the expected timeframe	The project objectives could be achieved with the inputs allocated to it at appraisal. As regards to timeframe, there has been delays at the Downstream Development due to consultation process with beneficiaries, that has taken longer time than expected.	3
CONSISTENT	c) Consistent with the Bank's country or regional strategy	The project was consistent with the Bank Group Country Strategy Paper (CSP) which focused on Poverty Alleviation to Improve Productivity and Competitiveness; and (ii) Enhancing Health Delivery.	4
	d) Consistent with the Bank's corporate priorities	The project was consistent with the Bank Corporate Priorities, i.e., enhancing the Banks Operations in MICs.	4

COMPONENTS	ACTIVITIES	OUTPUTS	EXPECTED OUTCOMES	INDICATORS TO BE MEASURED
Component 1: Upstream Works and Distribution System	Activity 1: Prepare Draft Design, Review Report and finalise detailed design	Output 1: Design finalised and approved	Outcome 1: Detailed design used to guide the development of project infrastructure.	final report of detailed design approved by April 2005
	Activity 2: Construction of physical infrastructure	Output 2: construction of physical infrastructure completed	Outcome 2: developed infrastructure delivers water efficiently for irrigation downstream.	Infrastructure completed to adequately supply 1500 ha by 2010, 4000 ha by 2011, and 6500ha by 2012 and reservoir filled by 2008.
	Activity 3: Supervise construction of physical infrastructure	Output 3: Well supervised engineering works.	Outcome 3: Well developed infrastructure delivers water downstream.	Resident engineer and supervisory team in place throughout construction period
Component 2: Down Stream Development and Agricultural Commercialisation	Activity 1: Review the new Swaziland constitution and all relevant legal instruments with regard to their impact on land and water issues at LUSIP	Output 1: Review report	Outcome 1: Use review report to develop a framework for establishment of Policy instruments.	Legal framework and policies reviewed, documented and approved by March 2007 and Integrated Development Policy in place by May 2007
	Activity 2: Develop Frameworks for the establishment of Water Institutions	Output 2: Developed framework	Outcome 2: Use the framework to establish the WUAs, River Basin Authority and Lubovane Irrigation District; engage a Service Provider	Regulations for establishment of water institutions developed by September 2006 and Legal framework for WUAs, and irrigation district and a catchment authority in place by September 2007
	Activity 3: Develop farm viability model	Output 3: Knowledge base for business intensification established	Outcome 3: Vibrant entrepreneurial environment promoted.	Farm viability model developed and documented by March 2007
Component 3: Environmental Mitigation	Activity 1: Develop ecological monitoring system	Output 1: Ecological Monitoring System developed and monitored.	Outcome 1: Environmental mitigation measures incorporated into the overall project design	Ecological and aquatic monitoring system developed and operational by April 2007
	Activity 2: Conduct biophysical surveys on all construction footprints	Output 2: Biophysical surveys reports	Outcome 2: Communities managing effectively the biophysical environment to promote	All environment and social requirements met for infrastructure development. Biodiversity assessment show no deterioration

			conservation and minimise negative impact	
	Activity 3: Consult with all household affected by the resettlement programme	Output 3: Resettlement CMP developed and finalised in a participatory manner	Outcome 3: Resettlement CMP effectively used to resettle household farmers.	RCMP developed and approved by April 2006
	Activity 4: Relocation of affected household and belongings	Output 4: Mitigation measures identified in the Resettlement CMP implemented	Outcome 4: Project displaced household fully resettled, compensated and integrated into integrated farming community	All 119 household effectively resettled by April 2007
	Activity 5: the development, implementation and monitoring of community health programme for prevention and control of diseases	Output 5: Access to potable water supply and sanitation improved	Outcome 5: Public Health threats in the Project Development Area (PDA) mitigated	2600 households with adequate water supply by July 2001.
Component 4: Project Coordination and Management	Activity 1: Establish Systems and procedures for effective project management	Output 1: System for Project management established	Outcome 1: Effective Project Management	Work programmes, budgets, QPR and annual reports produced timely
	Activity 2: Finalise the development of the M&E framework	Output 2: M&E system established	Outcome 2: M&E effectively used to monitor project progress and construction.	M&E System established by August 2006
	Activity 3: Prepare Project Implementation Manual	Output 3: Project Implementation Manual prepared	Outcome 3: Project Staff is guided by the Manual to efficiently implement the project	Project Implementation Manual in place by August 2006
	Activity 4: Prepare detailed work plans and budget for appropriate operational periods for all project components	Output 4: Work plans and budgets produced	Outcome 4: Workplans followed closely in project implementation.	Work plans and budgets for each operational period completed by October of each year

5. For each dimension of the log. frame, provide a brief assessment (up to two sentences) of the extent to which the log. frame achieved the following. Insert a working score, using the scoring scale provided in Appendix 1. If no log. frame exists, score this section as a 1 (one).

LOG. FRAME DIMENSIONS		WORKING SCORE
LOGICAL a) Presents a logical causal chain for achieving the project development objectives	The Log Frame has a logical causal chain from the Upstream works to the Downstream Development. The four components are complementary.	4
MEASURABLE b) Expresses objectives and outcomes in a way that is measurable and quantifiable	The objectives and outcomes were expressed in measurable and quantifiable terms. The outcomes were not well specified in the initial Log frame. The Log frame revised by the PMU expressed outcomes in a quantifiable and measurable manner.	4
THOROUGH c) States the risks and key assumptions	The appraisal report indicated the risks with assumptions but not fully captured in original Log Frame. However the revised Log frame during implementation included clear mitigation measures in the Environmental Mitigation Management and Monitoring.	4

D. OUTPUTS AND OUTCOMES

I. ACHIEVEMENT OF OUTPUTS

In the table below, assess the achievement of actual vs. expected outputs for each major activity. Import the expected outputs from the log. frame in Section C. Score the extent to which the expected outputs were achieved. Weight the scores by the activities' approximate share of project costs. Weighted scores are auto-calculated by the computer. The overall output score will be auto-calculated as the sum of the weighted scores. Override the auto-calculated score, if desired, and provide justification.

MAJOR ACTIVITIES		Working Score	Share of Project Costs in percentage (as stated in Appraisal Report)	Weighted Score (auto-calculated)
Expected Outputs	Actual Outputs			
Component: Upstream Works and Distribution System				
Construction of a 200 m wide concrete diversion weir, 3 dams, main & secondary distribution system including all studies, design and supervision	1.1 A 200 m concrete weir constructed and 3 dams constructed 1.2 Reservoir constructed 1.3 Main and secondary distribution system established for 6,500 ha.	4,0	61,00%	2.44

Component 2: Downstream Development				
Downstream Development including the development of the Policy and Legal Frameworks for land, water, resettlement, and farmer organizations; Participatory Planning and Irrigated Development; the Development of Irrigation Management Institutions and Agriculture Commercialisation.	2.1 Legal frameworks for land and water developed. 2.2 Community and private sector participation in project planning implemented. 2.4 Commercial based land use planning adopted	3,0	21,00%	2,44

Component 3: Environmental Mitigation				
Environmental Mitigation including the finalisation of the Comprehensive Mitigation Plan, Resettlement planning and compensation, Public health, and Environment Conservation, Monitoring and External Review	3.1 Environmental mitigation measures incorporated in the overall project design. 3.2 Comprehensive Mitigation Plan (CMP) finalized. 3.3 Resettlement Action Plan finalized. 3.4 Health care delivery to project beneficiaries (clinic) strengthened. 3.5 65 water purification systems and 15 boreholes provided 3.6 675 pit latrines provided. 3.7 Water quality downstream flows at existing stations monitored.	4,0	9,00%	0.36
Component 4: Project Coordination and Management				
A Project Management Unit (PMU) with technical and material support	4.1 A Project Management Unit established with technical and material support 4.2 Environmental and Downstream Development Management Unit (EDDMU) established	4,0	9,00%	0.36
OVERAL OUTPUT SCORE [Score is calculated as the sum of weighted scores]				3.79

Check here to override the auto-calculated score

Provide justification for over-riding the auto-calculated score	
Insert the new score or re-enter the auto calculated score	3.79

II. ACHIEVEMENT OF OUTCOMES

1. Using available monitoring data, assess the achievement of expected outcomes. Import the expected outcomes from the log. frame in Section C. Score the extent to which the expected outcomes were achieved. The overall outcome score will be auto-calculated as an average of the working scores. Override the auto-calculated score, if desired, and provide justification.

OUTCOMES		Working Score
Expected	Actual	
1. Provision of physical infrastructure allowing collection, storage and distribution of water to supply 6,500 ha (Phase I) and 5000 ha (Phase II)	The bulk infrastructure construction(dams. Reservoir, feeder and main canals, access roads) has been completed. Tertiary distribution system Phase I (a) for 800 ha is complete. Tertiary Distribution system Phase I (b) for 5,700 ha will be completed by end of December 2010	4
2. Policy, Institutional and Social Environment supportive of the integration of smallholder irrigation farmers in the Project Development Area (PDA) into the commercial economy in an equitable manner	Strategic and Policy/Legal Framework for transformational Process is in place.	4
3. Potentially negative impacts avoided and positive impacts enhanced through carefully planned resettlement, ecological and environmental health programmes for 2600 households	Biophysical environment effectively managed to promote conservation and minimise negative impacts of schemes construction and operation. 1071 resettled households out of 2600 are fully integrated in the farming community.	4
4.Processes for effective project management established, with particular emphasis on participatory planning, monitoring and evaluation processes	Effective project management. I. Systems for project management established ii. Environmental monitoring and external review conducted during 2009/2010. iii. 1313 households with access to potable water. Iv. 1721 households with access to sanitation facilities	3
OVERALL OUTCOME SCORE [Score is calculated as an average of the working scores]		4



Check here to override the auto-calculated score

Provide justification for over-riding the auto-calculated score

Insert the new score or re-enter the auto calculated score	4

2. Additional outcomes. Comment on the project's additional outcomes not captured in the log. frame, including cross-cutting issues (e.g., gender).

The Gender appreciation in community was not captured in the Log frame. The project implemented a series of training on Gender Equity in Development and established the Gender Equality in Development Network and drafted a training manual and SWADE Gender Policy.

3. Risks to sustained achievement of outcomes. State the factors that affect, or could affect, the long-run or sustained achievement of project outcomes. Indicate if any new activity or institutional change is recommended to help sustain outcomes. The analysis should draw upon the sensitivity analysis in Annex 3, where appropriate.

Factors that could affect sustained achievement of project outcomes: (in) climate change that could induce drought in the area and affect production level; (ii) World price sugar stability could affect farmers income; (iii) Operation and Maintenance (O&M): Ability of Farmer Groups to operate and maintain on farm works at their own expenses. A Service Provider for O&M is to be recruited to replace SWADE for the O&M of the bulk infrastructure; (iv) LUSIP should not be run only as an irrigation project but should be considered as a development enterprise where fisheries, hydropower, tourism, and livestock activities can be practiced. This will allow a full utilisation of the infrastructure made available by the project for more benefit to the community and to the country.

E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION

1. State the extent to which the Bank and the Borrower ensured the project was commensurate with the Borrower's capacity to implement by designing the project appropriately and by putting in place the necessary implementation arrangements. Consider all major design aspects, such as extent to which project design took into account lessons learned from previous PCRs in the sector or the country (please cite key PCRs); whether the project was informed by robust analytical work (please cite key documents); how well Bank and Borrower assessed the capacity of the implementing agencies and/or Project Implementation Unit; scope of consultations and partnerships; economic rationale of project; and provisions made for technical assistance.

[200 words maximum. Any additional narrative about implementation should be included at Annex 6: Project Narrative]

The project was designed to support Government's National Development Strategy by the development of the water resources of the Lower Usuthu Basin and addressing the socio-economic and legal constraints to further irrigation development. There was an extensive participation level especially from the landless individuals, women, youth and the traditional authorities. A PMU was established within the headquarters of SWADE which was responsible for overall project execution and coordination; fiduciary aspects; monitoring and assessment; preparation and submission of financial statements. The project established the ADEMU located within the project area which coordinated all project activities at the PDA and acted as interface with service providers. At appraisal the Bank and the Borrower examined and assessed all institutions that could play a role in the project implementation. The PMU has handled satisfactorily the implementation of the project. The Project design took more advantage of the lessons learnt from the implementation of the Komati Irrigation Development Project (KDDP).

The experience of the KDDP in resettlement, environment, and market linkage with the sugar mills, were fully integrated in the design of LUSIP. A Technical Assistance team funded by the EU was mobilized. Its terms of reference include engineering support and business advice to farmers. The project is promoting the increase of sugar production which is the main sources of income and employment. In addition, to protect the country's economy against external shocks due to variations of world sugar price, the project has promoted diversification of agricultural production. In the long run, this will reduce the dependency on sugar production.

2. For each dimension of project design and readiness for implementation, provide a brief assessment (up to two sentences). Insert a working score, using the scoring scale provided in Appendix 1.

PROJECT DESIGN AND READINESS FOR IMPLEMENTATION DIMENSIONS		ASSESSMENT	WORKING SCORE	
REALISM	a) Project complexity is matched with country capacity and political commitment.	SWADE had the capacity in implementing the project and with full commitment and support by the Government	4	
RISK ASSESSMENT AND MITIGATION	b) Project design includes adequate risk analysis.	At design the risk were assessed and refined during implementation.	4	
USE OF COUNTRY SYSTEMS	c) Project procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners.	The project was managed by Swaziland Water and Agricultural Enterprise (SWADE) with the use of financial management system, and monitoring and Evaluation. All partners agreed on this.	4	
For the following dimensions, provide separate working scores for Bank performance and Borrower performance:			WORKING SCORE	
			Bank	Borrower
CLARITY	d) Responsibilities for project implementation were clearly defined.	The project design had clear responsibilities for project implementation, especially with regard to the Chiefdom responsibilities and at the level of the environmental and Downstream Development Management Unit.	4	4
PROCUREMENT READINESS	e) Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	implementation documents were ready	4	4
MONITORING READINESS	f) Monitoring indicators and monitoring plan were agreed upon before project launch.	Monitoring indicators and monitoring plan were agreed upon	4	4
BASELINE DATA	h) Baseline data were available or were collected during project design.	Baseline data were available at project design and continue to be refined during project implementation	4	4

F. IMPLEMENTATION

1. State the major characteristics of project implementation with reference to: adherence to schedules, quality of construction or other work, performance of consultants, effectiveness of Bank supervision, and effectiveness of Borrower oversight. Assess how well the Bank and the Borrower ensured compliance with safeguards.

[200 words maximum. [Any additional narrative about implementation should be included at Annex 6: Project Narrative.]

The Project has experienced minor delays in its implementation; delays mainly due to the consultation process with communities. There were also some disagreement between the Bank and the Borrower on the use of prequalification for tender on works and the use of Federation International des Ingenieurs Conseils contract format (FIDIC). The Borrower wanted to prequalify contractors and use the FIDIC contract format. The Bank did not agree on the Borrower's request for prequalification and also advised using Bank's contract format. The issue was settled later following Bank's no objection to GoS request. The construction of infrastructure (concrete diversion weir, feeder canal, Reservoir, and dams) has been completed and is of good quality. The consultants performed well. They undertook technical investigations, detailed design, as well as tender documents and construction supervision. The Bank supervision missions were thorough and provided useful recommendations to the project implementation team. The PMU was able and coordinated efficiently the implementation of project activities.

The Bank and the Borrower ensured good compliance with safeguards by elaborating and implementing a Resettlement Plan and monitoring the Health care delivery, water and sanitation facilities and impact of civil works.

2. Comment on the role of other partners (e.g. donors, NGOs, contractors, etc.). Assess the effectiveness of co-financing arrangements and of donor coordination, if applicable.

There were 7 other partners involved in the financing of the project. The project engaged competitively recruited contractor and consultants to carry out the work. The contractors and supervising engineer performed satisfactory. At implementation, Government had problem with the fragmentation of activities funded by different donors in term of sequencing. However this was overcome with recruitment of a Project Manager and a strongly staffed PMU that conducted the work of different co-financiers.

3. Harmonization. State whether the Bank made explicit efforts to harmonize instruments, systems and/or approaches with other partners.

It was not easy to harmonise among the several donors. Some were willing to fit in the national system (ADB) while other were not (UE, IFAD). However this did not affect the project implementation.

4. For each dimension of project implementation, assess the extent to which the project achieved the following. Provide a brief assessment (up to two sentences) and insert a working score, using the scoring scale provided in Appendix 1.

PROJECT IMPLEMENTATION DIMENSIONS		ASSESSMENT		WORKING SCORE
TIMELINESS	a) Extent of project adherence to the original closing date. If the number on the right is: below 12, score 4 between 12.1 to 24, score 3 between 24.1 to 36, score 2 beyond 36.1, score 1	Difference in months between original closing date and actual closing date or date of 98% disb. rate.	Delays due to consultations with communities and on procurement procedures. However the score is based on the fact that disbursement was achieved at 98% before end of December 2010	4
		3		

BANK PERFORMANCE	b) Bank complied with:		
	Environmental Safeguards	An EIA and a Comprehensive Mitigation Plan (CMP) were developed	4
	Fiduciary Requirements	The Bank did comply with the Fiduciary Requirements	4
	Project Covenants	Covenants were adhered to	4
	c) Bank provided quality supervision in the form of skills mix and practicality of solutions	The Bank provided appropriate supervision. The supervision missions assisted the project team in a smooth implementation of the project.	4
d) Bank provided quality management oversight	The Bank provide quality management oversight through its supervision and close coordination with the PMU, and day to day guidance on Methods and procedures.	4	
BORROWER PERFORMANCE	e) Borrower complied with:		
	Environmental Safeguards	The Borrower complied with Environmental Safeguards. The environmental safeguards have been met by various contractors and training on environmental management and formulation of on-farm management plans have been undertaken	4
	Fiduciary Requirements	GoS complied	4
	Project Covenants	GoS has met the requirement of the Loan Agreement	4
	f) Borrower was responsive to Bank supervision findings and recommendations	GoS took action on all recommendation made by supervision missions	4
	g) Borrower collected and used monitoring information for decision making	A strong team for M&E was put in place and developed sound data.	4

G. COMPLETION

1. IS THE PCR DELIVERED ON A TIMELY BASIS, IN COMPLIANCE WITH BANK POLICY?			
Date project reached 98% disb. Rate (or closing date if applicable)	Date PCR was sent to pcr@afdb.org	Difference in months	WORKING SCORE (auto-calculated) if the difference is 6 months or less, a 4 is scored. If the difference is 6.1 or more, a 1 is scored
23 march 2010	31-juil-10	3	4
<p>2. Briefly describe the PCR Process. Describe the Borrower's and co-financers' involvement in producing the document. Highlight any major differences of opinion concerning the assessments made in this PCR. Describe the team composition and confirm whether a site visit was undertaken. Mention any major collaboration from other development partners. State the extent of field office involvement in producing the report. Indicate whether comments from Peer Reviewers were received on time (provide names and positions of Peer Reviewers).</p> <p>[100 words maximum]</p> <p>The PCR process started with desk review (QPR, Audit, Supervision Report..). Discussions were undertaken during the mission with the PMU, Government officials, EU Staff, and farmer associations to assess the performance of the project, difficulties and constraints encountered and lessons learnt. The mission was composed by a Hydrologist, an Agricultural Economist, and an Agronomist. The team visited the project site and held useful working sessions with the ADEMU. The report was submitted to Peer Reviewers: Ms M. Anglow (Agronomist, OSAN.3), Messrs W. Odhiambo (Agricultural Economist, CPO, ORSA), J. Kabeymera (Agricultural Economist, OSAN.1), and A. Tarek (Irrigation Engineer, OSAN.3). All relevant comments have been incorporated.</p>			

H. LESSONS LEARNED

<p>Summarize <u>key</u> lessons for the Bank and the Borrower suggested by the project's outcomes</p> <p>[250 words maximum. Any additional narrative about lessons learned, if needed, must be placed in Annex 6: Project Narrative]</p> <p>(in) <u>Participatory approach</u>: It is imperative for a supply led irrigation to integrate the distribution of water and associated land use within the expressed needs and preferences of the local community and to recognise and ensure that the Project addresses population needs for those households not benefiting from access to irrigated land; (ii) Establish an exit strategy for the Project and its management team that is based on empowering community and giving them more responsibilities in Operations and Maintenance; (iii) <u>Development Planning Process</u>: The traditional chiefs play important role in land allocation as land belongs to chiefs. It would be a mistake to ignore the traditional Chieftdom System in the Development Planning Process. They should be involved in the planning process; and (iv) <u>Problem of sequencing</u>: The infrastructure works started before the social assessment therefore the social tried to fit into infrastructure instead of the contrary. For any such magnitude of infrastructure work, good coordination should be sought between social and economic issues to better serve people.</p>
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I. PROJECT RATINGS SUMMARY

All working scores and ratings are auto-generated by the computer from the relevant section in the PCR.

CRITERIA	SUB-CRITERIA	WORKING SCORE
PROJECT OUTCOME	Achievement of outputs	3
	Achievement of outcomes	3
	Timeliness	4
	OVERALL PROJECT OUTCOME SCORE	3
BANK PERFORMANCE	Design and Readiness	
	Project Objectives were relevant to country development priorities.	4
	Project Objectives could in principle be achieved with the project inputs and in the expected time frame.	4
	Project Objectives were consistent with the Bank's country or regional strategy	4
	Project Objectives were consistent with the Bank's corporate priorities	4
	The log frame presents a logical causal chain for achieving the project development objectives.	4
	The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.	4
	The log frame states the risks and key assumptions.	4
	Project complexity was matched with country capacity and political commitment.	3
	Project design includes adequate risk analysis.	4
	Project procurement, financial management, monitoring and/or other systems were based on those already in use by government and/or other partners.	4
	Responsibilities for project implementation were clearly defined.	4
	Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	3
	Monitoring indicators and monitoring plan were agreed upon during design.	4
	Baseline data were available or were collected during design.	4
	PROJECT DESIGN AND READINESS SUB-SCORE	4
	Supervision:	
	Bank complied with:	
	Environmental Safeguards	4
	Fiduciary Requirements	4
	Project Covenants	4
	Bank provided quality supervision in the form of skills mix provided and practicality of solutions.	4
	Bank provided quality management oversight.	4
	PCR was delivered on a timely basis	4
	SUPERVISION SUB-SCORE	4
	OVERALL BANK PERFORMANCE SCORE	4

BORROWER PERFORMANCE	Design and Readiness	
	Responsibilities for project implementation are clearly defined.	4
	Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.	4
	Monitoring indicators and monitoring plan are agreed upon and baseline data are available or are being collected	4
	PROJECT DESIGN AND READINESS SCORE	
	Implementation	
	Borrower complied with:	
	Environmental Safeguards	4
	Fiduciary Requirements	4
	Project Covenants	4
	Borrower was responsive to Bank supervision findings and recommendations.	4
	Borrower collected and used of monitoring information for decision-making.	4
	IMPLEMENTATION SUB-SCORE	
	OVERALL BORROWER PERFORMANCE SCORE	

APPENDIX 1

Scale for Working Scores and Ratings

SCORE	EXPLANATION
4	Very Good- Fully achieved with no shortcomings
3	Good- Mostly achieved despite a few shortcomings
2	Fair- Partially achieved. Shortcomings and achievements are roughly balanced
1	Poor- Very limited achievement with extensive shortcomings
NA	Non Applicable

Note: The formulas round up or down for decimal points. Only whole numbers are computed.

1. Project Costs and Financing

a. Project costs by component

Component	In ZAR			In UA Million			% F.E.
	Foreign Exchange	Local Costs	Total Costs	Foreign Exchange	Local Costs	Total Costs	
A. Upstream Works and Distribution System	146.50	337.48	483.98	14.41	33.20	47.61	30,0%
B. Downstream Development	115.91	29.58	145.49	10.95	2.79	13.75	80,0%
C. Environmental Mitigation	20.88	53.83	74.71	2.05	5.30	7.35	28,0%
D. Project Coordination and Management	59.43	12.65	72.08	5.85	1.24	7.09	82,0%
Total Base Cost	342.71	433.54	776.2	32.38	40.96	73.35	44,0%
Physical Contingency	11.59	30.07	41.66	1.10	2.84	3.94	28,0%
Price Contingency	39.21	46.60	85.81	3.70	4.40	8.11	46,0%
Total Project Cost	393.51	510.20	903.71	37.18	48.21	85.39	44,0%

b. Financing by sources of funds (in UA Million)

Source	Foreign Exchange	Local Costs	Total Costs	% of Total
ADB	2,28	7,68	9,96	10,9%
BADEA	1,13	7,48	8,61	9,4%
Government	8,79	5,97	14,76	16,2%
Beneficiaries	0,92	2,87	3,79	4,1%
European Investment Bank	7,11	12,87	19,98	21,9%
DBSA	3,64	7,72	11,36	12,4%
EU	6,07	2,78	8,85	9,7%
IFAD	9,42	4,66	14,08	15,4%
Total	39,36	52,03	91,39	100,0%

2. Bank Inputs

MISSION	MEMBERS	Post	DATES
1. Appraisal	A. Abou Sabaa	Principal Irrigation Engineer	22 January to 16 February 2001
	J.N. Mwangi	Agricultural Economist	
	M. Balayah	Principal Financial Analyst	
	Anglow Mary	Agronomist	
2. Supervision			3-6 April 2005
3. Supervision			20-23 October 2005
4. Supervision			5-15 May 2006
5. Supervision			25-10 March 2007
6. Audit Mission		Auditor	
7. Supervision			
8. Supervision	Justus Kabeymera	Agricultural Economist	31 March-11 April 2008
	W. Odhiambo	Agricultural Economist	
	Mary Anglow	Agronomist	
	Y. Ahmad	Financial Analyst	
	E. Kuatsinu	Irrigation Engineer (Consultant)	
9. Disbursement Mission			6-17 April
10. Audit Mission		Auditor	10-15 September 2008
11. Supervision	W. Soliman	Hydrologist	15-23 June 2009
	W. Odhiambo	Agricultural Economist	
12. Supervision	W. Soliman	Hydrologist	25-30 September 2009
13. Supervision	W. Soliman	Hydrologist	23 March-1 April 2010
	C.P Nkhata	Financial Management Expert	
	J.N. Mwangi	Division Manager	
14. Disbursement Mission	D.L Kishosha	Disbursement Officer	6-17 April 2010
	S. F. Tackie	Disbursement Officer	
15. Supervision			
16. Project Completion Report	W. Soliman	Hydrologist	8-15 May 2010
	Meng Lihinag Jean Marie	Agricultural Economist	
	Hamadi Lam	Agronomist	

C: Date of Last supervision mission:

15 March 2010

D. Rating of last supervision mission:

Aspect	Score
Project Outcome	3
Overall Bank Performance	3
Overall Borrower Performance	3

4. List of Supporting Documents

1. LUSIP Appraisal Report, 2001

2. Quarterly Progress Reports

3. National Development Strategy

4. Swaziland CSP

5. Supervision mission reports

6. IFAD MTR

Economic and Financial Analysis

Basic assumptions

The EIRR was calculated following the “with project and without project” framework. The analysis is based on a 50-year cash flow including a 5 –year investment period.

The costs include the capital investment and the variable O&M costs related to the amount of land under irrigation and the volume of water used. This second cost comprises charges for O&M of the main and secondary systems, water charges, costs of maintenance of tertiary works, on-farm maintenance costs and on-farm pumping costs. With the low realization of the downstream works for LUSIP project, these latest costs were estimated using proxy data from the Komati Downstream Development Project (KDDP).

Owing to the absence of data to the contrary, the financial and economic discount rates are assumed equal. The basic assumptions are outlined in the table below on a comparative basis.

Items	Appraisal Report	At completion
Sugar cane plantation	Phase 1: 6500 ha Phase 2: 5000 ha	Phase 1: 4500 ha Phase 2: 4500 ha
Crop diversification		Cassava: 1500 ha
		Vegetables: 1000 ha
Average farm size	2.5 ha	1 ha
Sugar cane yield	98 t/ha	100 t/ha
Sources of Funding at the community level		
	EU Grant Funding	63%
	GoSWL	16%
	Debt Funding	21%
Loan interest	17%	13%
Economic world sugar price (US\$/lb)	0,1	0,14
Financial sucrose price (E/t)	1187	2033
Exchange rate	1 USD= 7,767 E	1 USD= 7,33 E
Sugar replanting		10 years
Project cost (US\$ m)	116,54	321
replacement costs staggered over the years in accordance	Every 15 years	Every 10 years

The infrastructure was designed for the irrigation of 11500 ha of land, though in 2 phases. Based on that, we thought it reasonable to make the economic and financial analysis of the project as a whole and not limit it to the 1st phase concerned with ADB financing.

The agricultural pattern adopted for LUSIP project is 9000 ha of irrigated sugar cane and 2500 ha of irrigated food crops. On-test farms are still going on for the selection of crops to be retained in the system. A serious option is in favor of potentially lucrative crops like cassava and vegetables. Our EIRR, which was calculated based on 9000 ha of sugar cane, 1500 ha of cassava and 1000 ha of vegetable, is 8.4%. The lower EIRR is as a result of the high investment costs (mainly land development) and the currently under utilization of the capacity of the developed infrastructure. This calls for the development of other economic activities that would increase the exploitation of the project's infrastructure. Such activities include: power supply, tourism and fishery. Thus, when taking into consideration energy, livestock and public health benefits generated by the project as a result of the development of hydropower plant, improved pasture and access to clean water and sanitation, the EIRR rises to 11.5% which is close to the EIRR of 12.6% at appraisal. It should be noted that the assessment of the EIRR at appraisal included in addition, other activities not taken into consideration here, that could spring up as a result of the project. Those activities included manufacturing of clothing, wood work and furniture, metal and machinery products, commercial and informal trade, transport and financial.

The analysis also indicates that the return from sugar production alone is 5%. The financial returns from the farm models developed provide for project beneficiaries a financial IRR of 33% for the sugar cane, 23% for cassava and 17% for vegetables.

Sensitivity analysis

Two main variables affect the EIRR: the world price of sugar and the exchange rate;

A 10% increase in the world sugar price or in the exchange rate raises the EIRR to 11.78%. A 10% decrease results in a 5.82% EIRR.