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Report No: 34513

IMPLEMENTATION COMPLETION REPORT  
(CPL-41430)

ON A

LOAN

IN THE AMOUNT OF US\$81 MILLION

TO THE

REPUBLIC OF ALGERIA

FOR A

RURAL EMPLOYMENT PROJECT

December 20, 2005

## CURRENCY EQUIVALENTS

(Exchange Rate Effective October 2005)

Currency Unit = Algerian Dinar

DA 1.00 = US\$ 0.014

US\$ 1.00 = DA 72.00

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

BAD	<i>Banque Algérienne de Développement</i> Algerian Development Bank
CF	<i>Conservation des Forêts</i> Provincial Forestry Department
DA	<i>Dinar Algérien</i> Algerian Dinar
DSA	<i>Direction des Services Agricoles</i> Provincial Agricultural Services Department
DGF	<i>Direction-Générale des Forêts</i> General Directorate for Forestry
ERR	Economic Rate of Return
FAO	Food and Agriculture Organization
FRR	Financial Rate of Return
MARD	Ministry of Agriculture and Rural Development
M&E	Monitoring and Evaluation
PMU	Project Management Unit
PNDAR	<i>Programme National de Développement Agricole et Rural</i> National Program for Agriculture and Rural Development
PPDR	<i>Projet de Proximité en Développement Rural</i> Local Rural Development Project
REP	Rural Employment Project
REP II	Second Rural Employment Project

Vice President:	Christiaan Poortman
Country Director	Theodore Ahlers
Sector Manager	Luis Constantino
Task Team Leader/Task Manager:	Abdekrim Oka

**ALGERIA**  
**DZ-RURAL EMPLOYMENT**

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<i>Project ID:</i> P043724	<i>Project Name:</i> DZ-RURAL EMPLOYMENT
<i>Team Leader:</i> Abdelkrim Oka	<i>TL Unit:</i> MNSRE
<i>ICR Type:</i> Core ICR	<i>Report Date:</i> December 20, 2005

## 1. Project Data

*Name:* DZ-RURAL EMPLOYMENT *L/C/TF Number:* CPL-41430  
*Country/Department:* ALGERIA *Region:* Middle East and North Africa Region

*Sector/subsector:* General agriculture, fishing and forestry sector (87%); General water, sanitation and flood protection sector (5%); Roads and highways (4%); Central government administration (3%); Other social services (1%)

*Theme:* Other environment and natural resources management (P); Improving labor markets (P); Participation and civic engagement (P); Rural services and infrastructure (S); Gender (S)

### KEY DATES

	<i>Original</i>	<i>Revised/Actual</i>
<i>PCD:</i> 06/13/1996	<i>Effective:</i> 07/16/1997	07/30/1997
<i>Appraisal:</i> 12/02/1996	<i>MTR:</i> 11/09/1998	10/28/1998
<i>Approval:</i> 03/25/1997	<i>Closing:</i> 03/31/2001	06/30/2005

*Borrower/Implementing Agency:* GOVERNMENT OF ALGERIA/MINISTRY OF AGRICULTURE  
*Other Partners:*

STAFF	Current	At Appraisal
<i>Vice President:</i>	Christiaan J. Poortman	Kemal Dervis
<i>Country Director:</i>	Theodore O. Ahlers	Daniel Ritchie
<i>Sector Manager:</i>	Constantino	Mark D. Wilson
<i>Team Leader at ICR:</i>	Abdelkrim Oka	Kutlu Somel
<i>ICR Primary Author:</i>	Abdelkrim Oka; Jean Marc Bisson; Ai Chin Wee	

## 2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

*Outcome:* S  
*Sustainability:* L  
*Institutional Development Impact:* SU  
*Bank Performance:* S  
*Borrower Performance:* S

QAG (if available) ICR  
*Quality at Entry:* S  
*Project at Risk at Any Time:* No

### 3. Assessment of Development Objective and Design, and of Quality at Entry

#### 3.1 Original Objective:

The Project Development Objective was to generate and stimulate sustainable rural employment in poor rural areas of northwest Algeria.

#### 3.2 Revised Objective:

The original objectives were not revised.

#### 3.3 Original Components:

The project had the following components (all amounts in this section reflect total costs at project effectiveness and include physical and price contingencies. They do not reflect the revised costs as a result of further budget reallocation and the withdrawal of part of the loan towards the end of the project):

**A. Erosion Control Measures** (US\$ 59.6 million) to be implemented through labor-intensive techniques and involving activities such as construction of bench terraces, reforestation, stabilization of river banks in order to protect the natural resource base, prevent floods and safeguard the environment.

**B. Agricultural Development** (US\$ 58.0 million) to create income generating assets including land improvement, establishment of windbreaks, planting of fruit trees and grapevine and construction and restoration of rural roads.

**C. Water Resource Mobilization** (US\$ 1.8 million) for constructing small hill dams, sinking wells and managing springs for drinking water.

**D. Promotion of Rural Women** (US\$ 0.7 million) for helping women develop income generating activities such as small vegetable gardens, beekeeping and poultry production and handicraft.

**E. Institutional Development** (US\$ 2.7 million) to fund vehicles, equipment and the training of field-staff needed by the implementing agency to execute the project.

**F. Monitoring and Evaluation** (US\$ 0.4 million) to monitor project performance and derive lessons for project adjustment and development.

**Unallocated** (US\$0.5 million).

#### 3.4 Revised Components:

The project's components were not revised. However, the scale of some activities changed (a) to better adjust to demand by local communities; and (b) to respond to government request to expand project to additional regions (more details are provided in Section 4.2 below).

#### 3.5 Quality at Entry:

Quality at Entry is rated **Satisfactory**. The project was in line with the 1994 Government's policy which emphasized urgent attention to rural unemployment and poverty; and with the 1996 World Bank's Country Assistance Strategy (CAS) which supported Government's policies. The project helped implement Government's strategy of giving priority (a) to labor-intensive rather than capital-intensive works, (b) to small scale investments accessible to small entrepreneurs, and (c) to a participatory rather than a top-down

approach towards rural communities calling for beneficiaries' participation in project design in order to achieve greater local relevance and for project investments' sustainability.

This large project for financing dispersed and often remote small rural works was originally expected by the Borrower to be implemented over 3 years. Given the political and institutional situation in Algeria at the time of preparation, the Bank, as stated in the QAG's Quality of Supervision Assessment (Oct. 31, 2002), compromised over this unrealistic timeframe on the understanding that there would be a mid-term review at the end of the first year of implementation. As indicated explicitly in the project documents, this mid-term review was to have the authority to restructure the project to a five-year program. A longer project implementation period could have been decided up-front.

The risks were correctly identified and suitable mitigation measures included. The project meant to address a post-conflict situation and help communities return to their homes and re-establish their livelihood. Nobody, however, expected the armed conflict and insecurity to last. In addition, many rural communities were returning to their villages after ten years of civil unrest and community mobilization could not commence as quickly as planned. Also, the project's participatory approach took longer than anticipated to instill and labor-intensive works methods required longer execution time. It could be argued that the project was not fully ready for implementation but, given the post conflict situation mentioned above and the government financial constraints, readiness could not have been possible prior to project start and there was no point of delaying the starting date for such reasons. As a matter of fact, the project succeeded in achieving early and close coordination between government, private sector agencies and the beneficiaries; and in providing up-front training to project staff prior to effectiveness. Subsequently, the project had to be flexible and constantly adapt to the situation and adjust its targets accordingly. It successfully responded to local needs and opportunities as they arose (see also Section 4, Achievement of Objective and Outputs below).

## **4. Achievement of Objective and Outputs**

### *4.1 Outcome/achievement of objective:*

The project outcome is rated *Satisfactory*. The project succeeded in generating and stimulating sustainable rural employment in the poor rural areas in northwest Algeria. Through the adoption of labor-intensive techniques, the Project financed 9.8 million person-days of salary representing the equivalent of about 41,000 person-years, slightly over the 40,000 targeted at appraisal. This mainly benefited unemployed and underemployed rural youth and generated a cash income of some DA 3.4 billion (US\$ 46 million).

In addition, The 239 small and some medium-sized enterprises set up to carry out civil works were awarded three quarters of the total value of all the contracts and provided full time employment to about 1,100 people annually.

In terms of rural employment sustainability, several investments made under the project contributed to achieve this objective:

- Erosion Control Measures involved investments that will require operation and/or maintenance activities over a long-term : this is the case for earth and stone structures and for forest trees plantations;
- Agricultural Development investments created under the project generated new long-term employment for about 30,000 farmers (7.4 person-days/ha). Returns from the new (fruit tree) crops added DA 300,000/year (US\$4,167) in terms of net profit plus salaries paid to hired labor; and
- the Promotion of Rural Women component enabled women to find long-term employment opportunities and incomes through the small scale production units created under this project, especially beekeeping

and poultry units. Beekeeping employs about 300 person-years and yields incomes of DA 130,000/year from a unit of five beehives.

The project achieved many more outcomes beyond the objective of employment creation:

- project-financed roads (489 km of new roads and 602 km rehabilitated roads) facilitated farming and trade, improved local incomes and reduced the economic and social isolation of the rural communities;
- water delivery points (springs, wells and others) established under the project immensely improved local living conditions;
- environmental benefits achieved include increase of vegetative cover in the project area by over 30,000 ha which helped reduce soil erosion. Reduction of dam sedimentation rates at 12 test stations in the project area averaged 88%, compared to the 55% targeted at appraisal;
- the project helped rejuvenate economic life in areas which had been abandoned in ten years of civil strife; and
- the project taught Forestry Department staff to operate as extension agents who worked with the communities on development, rather than as 'policemen' guarding the forests.

#### 4.2 *Outputs by components:*

During implementation, the project faced major challenges:

- the first mid-term review took place in October 1998, during which: (i) the project closing date was extended to March, 31, 2003 in view of persistent drought and continued unrest during the first year; (ii) new project sites within the same regions were added; and (iii) the targeted volumes for some activities were adjusted to reflect the demand;
- a second mid-term review took place in November 2000 when the main issue was what to do with the savings arising from the local currency depreciation and reduced costs achieved by contracting compared with the force account norms used at appraisal. The borrower considered the project to be highly successful and proposed using the savings to expand the project into two neighboring provinces. As a result, (i) two new provinces (Relizane and Mostaganem) were added; (ii) the project closing date was extended to March 2005 to provide sufficient time for completion of the activities in the new provinces. Activities were to be kept simple by focusing on erosion control and agricultural development to the exclusion of works such as hill dams that would have required major preparation work; and
- a seventh province, Oran was added in 2003 following pressing local community demands and a special request from the country's President, bringing the total number of communes from 67 to 139.

Despite these challenges the outputs for all components were satisfactory.

**A. Erosion Control** (US\$ 50.52 million, rated *Satisfactory*). Besides the initial four sub-components (Reforestation, Stabilization of river banks, Construction of bench terraces and Construction of flood control structures), a fifth sub-component (Silvicultural works on public lands) was included, following the improvement of the security situation. The achievements for each of these sub-components are as follows:

Reforestation: The original target of 23,475 ha was almost halved to 14,352 ha for multiple reasons: a severe drought in the early project years, the limited capacity of the sole public reforestation agency in initial years, procurement delays, difficulty in finding suitable public lands for the program and lack of interest among private landowners who preferred fruit tree plantations to forest plantations. The 14,210 ha achieved by project completion represented 61% of the initial target but 99% of the revised target. The quality of the work was satisfactory with a seedling survival rate of over 80%.

River-bank stabilization: a total of 3,758 ha of river banks were treated, representing 140% of the initial target and 108% of the revised target.

Restoration of bench terraces: 7,370 ha were achieved, representing 35% of the initial target and 101% of the revised target. Fodder species planted on some of the terraces were an added benefit to the pastoralists.

Construction of flood control structures: Over one million m<sup>3</sup> of stone work was accomplished, representing over 330% the initial target and 102% of the revised target. This was due to increased local demand and the quick uptake by private contractors.

Silvicultural works: This consisted mainly of tree pruning and cleaning of underbrush in forests which had been abandoned for a decade due to the armed conflict. Though not initially included in the project, 5,796 ha were treated, which made these forests again accessible for animal grazing and community use.

**B. Agricultural Development** (US\$ 53.24 million, rated *Satisfactory*). This component included land improvement, the establishment of windbreaks, the plantation of fruit trees and grapevine and the construction and restoration of rural roads.

Land improvement. Local demand for this program was initially weak but improved after the project reduced labor contribution from beneficiaries from 50% to a more realistic 30% due to soil conditions not suitable for manual work, calling for the occasional use of machinery. A total of 12,529 ha were completed, representing 52% of the initial target or 100% of the revised target.

Establishment of windbreaks. This activity became very popular with the rapid expansion of fruit tree crops, resulting in the creation of 1,836 km of windbreaks by project completion, which represented 16,691% of the original target of 11 km.

Fruit tree and grapevine plantations faced, initially, weak demand because of the prolonged droughts and the limited availability of quality seedlings but picked up from the third project year as confidence grew and more private enterprises got involved. From year 2000, the National Program for Rural Development and Agriculture (PNDR) financed equipment and materials for plantation establishment. In total, 46,046 ha were planted to fruit trees (162% of the initial target, 102% of the revised target). An additional 6,034 ha was planted to grapevines, more than five times the initial target. More than three quarters of the total area planted with fruit trees and grapevine replaced previous cereal cultivation which had low yields and low value and which had made the area more prone to soil erosion.

Rural Road Construction and Restoration. These activities achieved, with 489 km and 602 km respectively, 119% and 107% of appraisal targets. Proper environmental assessments were carried out and the required mitigation measures were prescribed and carried out.

**C. Small Scale Water Resource Mobilization** (US\$ 2.54 million, rated *Satisfactory*). This component comprised the construction of small hill dams, wells and springs to provide water for human and animal consumption and *madjens* (traditional rain-water collection systems) for complementary irrigation.

Dams. Twelve dams were planned at appraisal. Substantial delays occurred over the conduct of feasibility

and environmental impact studies due to security issues and Government's lack of familiarity with the Bank's environmental guidelines. In addition these studies led to the elimination of ten dam sites for technical or environmental reasons. Given the long time required to execute such studies and the extreme caution required in dam building, it was decided not to consider new sites and to downsize this activity. The two dams constructed have each a capacity of roughly 200,000 m<sup>3</sup>. Water Users Associations (WUA) have been successfully set up for their management, and sixty WUA members have been trained in operation and maintenance.

Wells. Of the 26 wells planned at appraisal, only five were sunk. The shortfall was due to drought in the projected sites which caused a drastic drop in the water table; difficulty in estimating its depth made it too risky for local enterprises to bid for these works.

Springs and Madjens (traditional rain water collection systems) were successfully established. In total, 74 springs, representing 140% of appraisal targets were managed. Madjens were not planned at appraisal but the project responded to local demand and established 150 by project completion. Over 9,000 people are benefiting from these water delivery points.

The Springs and Madjens compensated for the reduction in the number of dams and wells and explain the overall "*Satisfactory*" rating given to this component.

**D. Promotion of Rural Women** (US\$ 2.00 million at completion, rated *Satisfactory*) comprised support for gardening, embroidery, poultry, farming, and Beekeeping.

Gardening was unfortunately abandoned due to water scarcity caused by drought in the initial project years.

Embroidery was found of marginal financial viability and was abandoned while Weaving achieved 67% of the original target mainly because of short supply of machines and high cost of raw materials.

Poultry farming was successful, with a 99% achievement of the original target.

Beekeeping, despite start-up problems- proved very profitable and highly-demanded, and 1,843 units were put into production, representing 293% of the initial target.

**E. Institutional Development** (US\$ 2.10 million at completion, rated *Satisfactory*).

Vehicles and Equipment. All the 14 vehicles, 132 motorcycles and office computer, equipment and materials were acquired and distributed to the Provincial Forestry Departments and the PMU as planned at appraisal.

Training. Practical training in the use of participatory approaches was given in Italy as well as in France and in Algeria. Twenty seven staff members were trained in participatory approaches and, in turn, trained 203 other people (mostly DGF staff). Eighty staff were trained in France and Algeria in project management and 46 in technical matters (including restoration of mountainous lands). This training was well appreciated and resulted in a much more progressive attitude by the trainees towards their work and towards the local communities (see also section 4.5).

## **F. Monitoring and Evaluation** (US\$ 0.4 million at completion, rated *Satisfactory*).

To cope with the dire security situation and the limited M&E capacity of the implementing agency, M&E was contracted out to a national consulting firm based in western Algeria, closer to the project sites and to the Forestry Department provincial offices than the PMU, located at headquarters in the capital city. The firm collected and regularly provided project information, identified implementation problems and proposed solutions to the Project Management Unit and to the Bank. The firm satisfactorily complemented the work of Bank supervision missions whose movements were often restricted by the security situation - an approach which QAG commended as a model for other Bank operations implemented under conflict conditions (DSA5 of Oct. 2002). Data collection was largely focused on the project outputs and on the employment creation outcomes. Though the consultant firm was not asked to assess other impacts such as changes in rural household income and employment generated through indirect and secondary effects of increased economic activity, the information collected through a number of field surveys contributed useful qualitative data on the additional project benefits realized.

Although the decision of charging an outside agency for the responsibility of the M&E system was sound and produced fully satisfactory results, the question remains whether, under normal conditions, the M&E system should not be integrated within the PMU as a key decision making tool. With such in-house capacity, the implementing agency might have been better equipped to respond and react faster to project's need for adjustments.

### *4.3 Net Present Value/Economic rate of return:*

The Economic Rate of Return (ERR) calculation takes into account the following main benefits: (i) increase in volume of water available for farm use and consumption, arising from reduced sedimentation and water retention; (ii) increased production of valuable fruit crops (apples, pears, apricots, olives, almonds, grapes, etc.); and (iii) income-generation from off-farm enterprises such as beekeeping.

As at appraisal, unskilled labor was valued at one third of its financial cost to account for severe unemployment and water was valued at 150% of its financial price to account for subsidies. The market prices for agricultural products were deemed to be good proxies of their economic value.

The ERR calculated at completion reaches 23%, compared to 27% estimated at appraisal. This is mainly due to the substantially higher investment costs for plantations, delays in starting up several project activities, resulting in delays in achieving the benefits, and the need for irrigation for tree crops due to the drought. The ERR is conservative as it does not include other benefits, such as those from institutional development as well as from the construction and restoration of rural roads. The sensitivity analysis shows that the ERR would still be around 12% should there be a 30% overall decline in prices or in yields.

### *4.4 Financial rate of return:*

The Financial Rate of Return (FRR) for the income-generating activities (fruit tree and grapevine plantations and beekeeping) shows a weighted FRR of 21%. Hardy tree crops (such as olive and almond trees) which can grow without irrigation are more viable in the long-term (FRR=73% for almond trees) than the tree crops that must rely on irrigation (FRR=8% for apple trees); the latter are also very sensitive to price decreases due to popular uptake and local supply. Beekeeping is a financially viable activity; one apiary of five beehives generates more than US\$ 1,000 a year, as much value-added as one hectare of hardy tree plantation at full development.

Of concern are the incentives and subsidies provided by both the REP and PNDAR which have led some of the farmers to adopt crops or cropping techniques that have a lesser or no comparative advantage. For example, without subsidies, the FRR for irrigated apple tree plantations drops to -1%.

#### *4.5 Institutional development impact:*

This impact is rated **Satisfactory**. The project transformed the Forestry Department, at least in the project area, from a paramilitary organization to a development agency, working together with the local communities and earning their respect and trust. The project deferred to the local preference to work through existing traditional grassroots organizations and leaders, rather than to set up the new village committees (*Comités de village*) that had been suggested in the project design. Inspired by this project, other national programs in integrated rural development such as the PNDAR and PPDR have also adopted similar participatory approaches.

From having no previous experience in implementing externally co-financed development projects and in dealing with the private sector, Forestry Department provincial offices in the project area have since learnt to handle internationally-recognized procurement procedures and to deal with private contractors. The overall efficiency of the organization, as well as the effectiveness of their field operations has increased.

Other positive institutional impacts include the establishment of and experience gained by private contractors, who continue to operate after the project period on contracts awarded through projects such as the PNDAR and PPDR.

## **5. Major Factors Affecting Implementation and Outcome**

### *5.1 Factors outside the control of government or implementing agency:*

These factors include the severe drought during the first three years of project implementation as well as the armed conflicts and the resulting insecurity in northwest Algeria.

### *5.2 Factors generally subject to government control:*

Factors that slowed down project implementation at the initial stage were the shortage of Government counterpart funds in the early project years, delays over procurement at the provincial level, and bottlenecks caused by weak management in one of the government provincial bank through which project funds were channeled. These issues were later resolved.

### *5.3 Factors generally subject to implementing agency control:*

Staff changes in the Project Management Unit (PMU) temporarily affected the project's financial monitoring but this was later corrected and had no final negative impact on project implementation.

### *5.4 Costs and financing:*

At appraisal, the total project cost was estimated at US\$ 123.6 million; of this, US\$89 (72%) was to be financed by the Bank, US\$15.9 (13%) by the Government and US\$ 18.7 (15%) by the beneficiaries.

The actual project cost is US\$ 110.8 million divided as follows: the Bank US\$ 81.0 million (73%); the Government US\$ 19.58 million (18%); and the beneficiaries US\$ 10.22 million (9%). Bank's

disbursements were 91% of the original allocation due to the cancellation of US\$ 8.0 million in 2004 and 100% of the revised allocation. Government's disbursements were 123.1% of appraisal estimates. Beneficiaries' contribution was around half (54.7%) the initial target because (a) the unit cost of local labor were lower than those anticipated at appraisal as the latter were based on rates used by public works projects relying on force account; and (b) some of the land management work had to be done mechanically due to very difficult soil conditions. On the other hand, the quantity of works (particularly for erosion/flood control measures) was many times the appraisal estimates, which helps explain why the overall short-term objective of direct employment was achieved despite the drop in the beneficiaries contribution rate. Beneficiaries' labor contribution as well as implementation by private enterprises led to a drastic reduction of implementation unit costs. The project also achieved considerable foreign exchange savings with the devaluation of the local currency.

## 6. Sustainability

### 6.1 Rationale for sustainability rating:

In October 2002, the Quality of Supervision Assessment panel (QSA5) reported that it was *confident that the operation's results will be sustainable in the longer term* and that, *despite imperfect legal and administrative frameworks for decentralized, demand-driven developments, the panel agrees that the attitudinal changes achieved in the forestry and agricultural services are irreversible*. The project has in reality become part of a wider process of participatory development that has powerful champions, both in the Cabinet and at high levels of the administration, again both in the capital and in the provinces. Sustainability would nonetheless be even more likely if rural communities were given a greater role in decision-making, and if the legal and administrative frameworks were amended to foster decentralized development.

Project sustainability is rated as **Likely**. The project has been successful in creating and maintaining investments in partnership with private enterprise and local beneficiaries in an area that has extended beyond original the original targets - from 4 to 7 provinces and from 67 to 179 communes. Farmers, now convinced of the importance of upstream erosion control, reforestation and water management, willingly help to protect and repair the project investments. Highly motivated by the income from their new cash crops (compared to previous low returns from traditional cereal crops) and off-farm enterprises, they now have the means to invest in further production. Ministry of Agriculture and Rural Development (MARD) has directed that its agencies continue to support farmers in the project area, in order to consolidate the benefits achieved during the project. Government received support from the Canadian International Development Agency (CIDA) to undertake studies on agro-processing/marketing pilot operations (*agri-marchés*) to help market local agricultural produce.

Government has now included project activities such as erosion control, agricultural development, water resource mobilization and programs for rural women as regular programs in the *PPDR* and the National Plan for Agricultural and Rural Development (*PNDAR*). The participatory approach as well as decentralization, de-concentration and privatization are models which are now integral to Algeria's national agricultural development programs. The model of sustainable employment generation and asset creation successfully tested under the project, even in situations of continuing unrest, will be pursued by Government in other economically sensitive parts of the country.

There are, inevitably, some risks for continued sustainability. The strong interaction between the public and private agencies might be less coordinated after the project closure. More conservative bureaucrats might tend to revert to old top-down approaches and not continue the pace of decentralization promoted by the project, especially if they are pressed to do more in a shorter period as a result of

availability of abundant financial resources. The new Water Users Associations may not fully discharge the functions that they have been trained to undertake. These concerns have been flagged to the Government and will continue to merit attention maintain high sustainability in the post-project period.

#### *6.2 Transition arrangement to regular operations:*

Government will expand the approaches successfully demonstrated through the project to additional areas. A Second Rural Employment Project (REP-II) will cover several new provinces (wilayate) in the central part of Algeria. To ensure a smooth transition to regular operations, the Project Management Unit (PMU) of the REP will oversee both the REP-II as well as monitor follow-up actions in the REP project area. The Forestry Department will continue to operate the reforestation and soil erosion control programs and the relevant Agricultural Services Departments (*DAS*) will continue to provide support to the farmers already covered by the REP as part of their regular operations, hence internalizing and mainstreaming the work conducted under the REP.

## **7. Bank and Borrower Performance**

### **Bank**

#### *7.1 Lending:*

Bank performance was ***Satisfactory***. Identification and preparation were completed within four months. The Bank mobilized a PHRD grant to assist project formulation and pre-project training of DGF staff in project management and the use of participatory approaches. To facilitate disbursements, a special account was set up with 90 days' worth of fund advance. When the intended participation of the International Fund for Agricultural Development (IFAD) did not materialize for co-funding the project, the Bank increased its funding to make up the difference.

During project implementation, the Bank was responsive to the difficult implementation situation and consulted closely with Government and stakeholders at national and local level to retain flexibility, given the progress on the ground and to make appropriate adjustments as needed.

#### *7.2 Supervision:*

Consistent with QAG's quality of supervision evaluation in October 2002, Bank supervision is considered ***Satisfactory***. High insecurity up to Year 2000 prevented the fielding of supervision missions and required that the missions that finally went were kept small. Nonetheless, from late 2000 to 2005, the Bank conducted sixteen supervision missions and two mid-term reviews and included relevant specialists as needed. This effective supervision led to the carrying out of two timely extensions. The success of mitigation measures implemented as a result of EIAs done on the hill dams was due to the close attention of the Bank. The Bank worked closely with the PMU and its external M&E consultant to ensure that field data were transmitted in a timely manner to the PMU and used effectively to help management decision-making. Problems with procurement and financial management were systematically raised by the Bank through project supervision. The Bank was pragmatic and flexible in working with Government to modify the implementation schedules when warranted by field conditions.

#### *7.3 Overall Bank performance:*

Based on the above considerations, the overall Bank performance is considered ***Satisfactory***.

## **Borrower**

### *7.4 Preparation:*

The Borrower's performance at preparation was **Satisfactory**. The Government was strongly committed to the project, recognized the need for advance work including pre-project training and worked with the Bank to secure a PHRD grant for the purpose. The Government ensured that by appraisal, it had appointed the PMU staff as well as Provincial Forestry Coordinators. The implementing agency was actively involved in the project design. The government also earmarked financing for the project in their public budget.

### *7.5 Government implementation performance:*

Government's implementation performance was **Satisfactory**. An initial shortage of counterpart funds was quickly dispelled once the Government's financial situation improved. Procurement and financial management experience evolved during the project life and is benefiting the implementation of the Second Rural Employment Project. Government has consistently given strong political and financial backing to the project and supported implementation as well as the work of Bank supervision missions. By completion date, the Government disbursed US\$19.58 million as opposed to the US\$ 15.90 million originally planned.

### *7.6 Implementing Agency:*

The implementing agency's performance was **Satisfactory**. The DGF competently and effectively carried out project works and showed flexibility in modifying activities when appropriate. The staff rapidly learnt their new roles and evolved from being conventional foresters into development agents. Some changes in staffing of the PMU caused some initial operational constraints, particularly in financial monitoring, but these were later overcome.

### *7.7 Overall Borrower performance:*

In light of the above, the Borrower's overall performance is considered **Satisfactory**.

## **8. Lessons Learned**

There were several significant lessons learnt.

(a) The has demonstrated that it is possible to address urgent issues of rural unemployment and socioeconomic and political instability and, at the same time, create economic assets with long-term benefits and sustainable livelihood. This was the case in this with properly-executed environmental management and agricultural development activities. The investments were selected in such a way that they were labor intensive and generated immediate employment; some had a positive impact on the environment and the natural resource base that constitute the foundation for sustainable agricultural production and growth and for safe livelihood; while other productive investments generated more employment and generated additional incomes through the production process.

(b) To ensure willing and effective collaboration between governmental organizations, private agencies and the local communities, it is important to involve these communities throughout planning and implementation, and be able to demonstrate the economic and social benefits of their involvement in the .

(c) To maximize involvement of benefiting communities, staff should be trained to work with them and understand what it takes to make them willing participants. It is useful to include a sociologist and

economist in the design and implementation teams. This shows that simple, easy to manage investments are preferred by beneficiaries and have a better chance to be sustainable beyond life. It is important to leave the door open to non conventional investments if there is a good market for the end product.

(d) M&E and good economic analysis help authorities to make the right decisions and choices. The lesson on M&E is that it can be outsourced and yet done well, as long as this function remains closely connected to management and that the data generated by the M&E system are constantly and readily available to decision makers. This is an important lesson for states in post-conflict areas, or where implementing agency is too weak.

The Borrower and the Bank agreed to organize a workshop in 2006 to share the lessons learned under this project with other projects and other departments and compare similar experiences.

## **9. Partner Comments**

*(a) Borrower/implementing agency:*

No Comments on the ICR were received, however, the Borrower sent his contribution to the ICR which contains comments on the project implementation (see Annex 8).

*(b) Cofinanciers:*

*(c) Other partners (NGOs/private sector):*

## **10. Additional Information**

### **Working documents :**

1. Impact on revenue and employment
2. Social impact of the REP
3. Quality of Supervision assessment Report (QSA5)
4. Borrower's Final report

## Annex 1. Key Performance Indicators/Log Frame Matrix

Outcome Indicators	Unit	Initial Target (at Appraisal)	Revised Target	Achieved at Completion	% Achievement	
					Compare d to Initial Target	Compare d to Revised Target
<b>1. Erosion Control Measures</b>						
Reforestation	ha	23,475	14,352	14,210	61%	99%
Stabilization of river banks	ha	2,687	3,482	3,758	140%	108%
Restoration of bench terraces	ha	1,377	7,265	7,370	535%	101%
Flood control structures	m <sup>3</sup>	323,842	1,080,242	1,097,227	339%	102%
Silvicultural works	ha	0	3,042	5,796	Infinite	191%
<b>2. Agricultural Development</b>						
Land improvement (de-stoning)	ha	23,890	12,358	12,529	52%	101%
Establishment of windbreaks	km	11	1,739	1,836	16691%	106%
Fruit tree plantations	ha	28,389	45,302	46,046	162%	102%
Wood/grapevine tree plantations	ha	1,100	6,434	6,034	549%	94%
Restoration of rural roads	km	562	637	602	107%	95%
Construction of rural roads	km	410	497	489	119%	98%
<b>3. Water Resource Mobilization</b>						
Construction of hill dams	unit	12	2	2	17%	100%
Establishment of springs	unit	53	74	74	140%	100%
Establishment of <i>madjens</i>	unit	0	146	150	Infinite	103%
Sinking of wells	unit	26	7	5	19%	71%
<b>4. Promotion of Rural Women</b>						
Family gardens	unit	1,000	0	0	0%	NA
Embroidery	unit	120	80	80	67%	100%
Weaving	unit	120	137	137	114%	100%
Bee-keeping	unit	630	1,810	1,843	293%	102%
Poultry farming	unit	1,000	991	991	99%	100%
<b>5. Institutional Development</b>						
Logistics						
-vehicles	unit	14	14	14	100%	100%
-motorcycles	unit	132	132	132	100%	100%
-office and computer equipment	lot	1	1	1	100%	100%
Training						
-participatory approach						
(trainers trained)	#	10-15	15	27	0%	180%
(agents trained)	#	100	200	203	203%	102%
-other persons trained						
(project management/computer)	#	25	75	80	320%	107%
(technical matters)	#	46	46	46	100%	100%

<b>Impacts Indicators</b>	<b>Unit</b>	<b>at Appraisal</b>	<b>at Completion</b>
<b>Employment</b>	-		
Temporary employment generated through civil works	Person-Year	40,000	41,200
Employment generated by exploiting the plantations	Person-Year	ND	17,700
Number of contracting enterprises created	Enterprise	ND	239
Full-time jobs created by contracting enterprises	Jobs	ND	1,100
% of total value of contracts given to private contractors	%		75%
Employment generated through beekeeping	Person-Year		300
<b>Socioeconomic Conditions</b>	-		
# of farmers benefiting from plantation improvement	Farmers	ND	26,000
Average value added in tree cropping <u>1/</u>	DA/Farm/Year	ND	300,000
Average value added in beekeeping <u>1/</u>	DA/apiary/year	ND	130,000
# of people benefiting from water delivery points	People	ND	9,376
<b>Environmental Conditions</b>	-		
Increase in the vegetal cover	Ha	57,028	83,214
Reduction in erosion	%	50%	88%
<b>Institutional Development</b>	-		
Methodological tools available (being used)	Tool	ND	1
DGF staff practicing the Participatory Approach (PA)			
Trainers	Staff	ND	27
Foresters	Staff	ND	203
Others	Staff	ND	71
# of Water Users Associations (WUAs) created	WUA	12	76
% of total value of contracts processed at Provincial level – (an index of decentralization)	%	ND	95%
<b>ND = not determined</b>			
1/ Cropping at full development. The value added includes the net profit plus the labor paid if not carried out by family.			
NOTE: Three regions (wilayate) were added to the project area during implementation			

## Annex 2. Project Costs and Financing

Project Cost by Component (in US\$ million equivalent)

Component	Appraisal Estimate US\$ million	Actual/Latest Estimate US\$ million	Percentage of Appraisal
A. Erosion Control Measures	59.60	50.52	84.8
B. Agricultural Development	58.00	53.24	91.8
C. Water Resource Mobilization	1.80	2.54	141.1
D. Promotion of Rural Women	0.70	2.00	285.7
E. Institutional Development	2.70	2.10	77.8
F. Monitoring and Evaluation	0.40	0.40	100
Unallocated	0.50	0.00	0
<b>Total Baseline Cost</b>	123.70	110.80	
<b>Total Project Costs</b>	123.70	110.80	
<b>Total Financing Required</b>	123.70	110.80	

### NOTE

- The average exchange rate during project implementation (weighted according to annual costs) was US\$ 1 = DA 73.71, compared to DA 58.91 at appraisal.
- The main reasons for the shortfall of 90% is the cancellation of US\$8.0 million in 2004 and the devaluation of the DA. (Had the exchange rate at appraisal been maintained, total project expenditure would have been the equivalent of US\$ 138.4 or 112% of appraisal allocation.

Project Costs by Procurement Arrangements (Appraisal Estimate) (US\$ million equivalent)

Expenditure Category	Procurement Method <sup>1</sup>			N.B.F.	Total Cost
	ICB	NCB	Other <sup>2</sup>		
<b>1. Works</b>	0.00 (0.00)	119.80 (85.15)	0.00 (0.00)	0.00 (0.00)	119.80 (85.15)
<b>2. Goods</b>	1.20 (1.15)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.20 (1.15)
<b>3. Services</b>	0.00 (0.00)	1.80 (1.80)	0.90 (0.90)	0.00 (0.00)	2.70 (2.70)
<b>4. Miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>5. Miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>6. Miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>Total</b>	1.20 (1.15)	121.60 (86.95)	0.90 (0.90)	0.00 (0.00)	123.70 (89.00)

**Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US\$ million equivalent)**

Expenditure Category	Procurement Method <sup>1</sup>			N.B.F.	Total Cost
	ICB	NCB	Other <sup>2</sup>		
<b>1. Works</b>	0.00 (0.00)	95.14 (76.11)	2.44 (1.95)	9.84 (0.00)	107.42 (78.06)
<b>2. Goods</b>	0.46 (0.40)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.46 (0.40)
<b>3. Services</b>	0.00 (0.00)	2.54 (2.54)	0.00 (0.00)	0.00 (0.00)	2.54 (2.54)
<b>4. Miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>5. Miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>6. Miscellaneous</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>Total</b>	0.46 (0.40)	97.68 (78.65)	2.44 (1.95)	9.84 (0.00)	110.42 (81.00)

<sup>1/</sup> Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

<sup>2/</sup> Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

**Project Financing by Component (in US\$ million equivalent)**

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govt.	CoF.	Bank	Govt.	CoF.	Bank	Govt.	CoF.
<b>A. Erosion control measures</b>			0.00	40.40	10.12				0.0
<b>B. Agricultural Development</b>			18.70	34.40	8.62	10.22			54.7
<b>C. Water resource mobilization</b>			0.00	2.00	0.54				0.0
<b>D. Promotion of rural women</b>			0.00	2.00	0.00				0.0
<b>E. Institutional development</b>			0.00	1.80	0.30				0.0
<b>F. Monitoring and Evaluation</b>			0.00	0.40	0.00				0.0
<b>G. Unallocated</b>			0.00	0.00	0.00				0.0
<b>Grand Total</b>	89.00	15.90	18.70	81.00	19.58	10.22	91.0	123.1	54.7

Note:

CoF = in kind contribution of beneficiaries

### Annex 3. Economic Costs and Benefits

#### Financial analysis

Project's income generating activities that can be subject to financial analysis include: fruit tree plantations, viticulture, and, to a less extent, apiculture. Given the large number of fruit tree species planted, it was decided to group them in five categories: (a) the fully irrigated species (apple trees, pear tree, etc.); (b) the partially irrigated species (apricot, plum, peach, etc.); (c) the almond-trees; (d) the olive-trees; and (e) the grape wine. For each group, specific investment and operating costs, and returns have been estimated through beneficiary assessments and technician evaluation. Selling prices represent either on-farm prices, or wholesale market prices, less transportation costs. Initial investment costs for plantations were borne by both the project and the beneficiaries (50% of labor costs for planting). For the irrigated species, the initial investment costs were supported by the PNDA which financed in most of the cases 100% of infrastructure (water reservoir, motor-pump and drip irrigation system). The time spent by farmers and their employees in the farm for the establishment and maintenance of the plantation and for production harvesting was valued on the basis of the average wage (500 DA/day). Water was valued at a flat rate of (17 DA/m<sup>3</sup>), as indicated by ARNH during the assessment of PER2 (in 2002), and updated according to the inflation rate.

It was found that, in the absence of subsidies from both the project and the PNDA, net income would be negligible for irrigated species, poor for grapevine, and substantial in the other cases. With subsidies, the financial IRR varies from 8% for the apple trees to more than 70% for the almond-trees. The weighted IRR average rate is around 21%. The analysis confirms that rustic species which do not require irrigation are more cost-effective on the long run than irrigated species. The sensitivity analysis also demonstrates that irrigated species are very sensitive to price or productivity decrease. The profitability of rustic species is on the other hand less sensitive to prices fluctuation. Apiculture is a high income generating activity as 5 beehives provide comparable income with an acre of plantation.

IRR for Different Fruit Tree Species

	<b>Full Irrigation</b>	<b>Partial Irrigation</b>	<b>Rainfed</b>	<b>Rainfed</b>	<b>Rainfed</b>	<b>Combined</b>	<b>Apiculture*</b>
	Apple, pear trees	Apricot, plum, peach trees	Almond trees	Olive trees	Vineyard	All Crops	
<b>Assumptions</b>							
Producer price/kg	45	40	450	30	25		
Maximum returns (kg/ha)	6 000	3 000	720	2 000	6 000		
Total investment costs/ha	307 376	97 154	39 340	47 631	191 724		
<b>Financial results</b>							
IRR without subsidies	-1%	17%	52%	18%	7%	21%	
IRR with subsidies	8%	30%	73%	30%	14%	35%	
NPV net income/ha (@ 10%)	46 085	180 374	1 263 844	115 343	108 001	320 446	854 981
Net maximum income/ha	65 745	53 700	286 100	32 500	38 000	101 611	100 833
<b>Sensibility analysis</b>							
IRR price - 10%	<0	24%	69%	26%	8%		n.c.
IRR income - 10%	0%	25%	70%	27%	8%		n.c.
IRR price - 30%	<0	8%	61%	18%	<0		n.c.
IRR income - 30%	<0	12%	62%	21%	<0		n.c.

\*data are per production unit of 4 beehives

## Economic Analysis

### Price and economic costs

Based on the assumptions made during the project appraisal (and confirmed in the appraisal of *PER2*), the unskilled labor used for works and plantations have been valued at 1/3 of its cost, given the high unemployment rate in the area. Mechanical works and transportation costs have been valued at 80% of their cost before taxes (or at 68% of their cost with taxes). Vehicles have been valued at 50% of their cost including taxes, as in the appraisal, and inputs at 85% (compared to 70% during appraisal).

As far as benefits are concerned, fruits have been valued at their on-farm financial price, since no distortion has been noticed. Water has been valued at 26 DA/m<sup>3</sup> (150% of its financial price), on the basis of the average production cost (24 DA/m<sup>3</sup>) calculated during the preparation of *PER 2*, and adjusted based on the actual the inflation rate. The value estimated at appraisal was 16 DA/m<sup>3</sup>). The lost opportunity in cereal production which has been replaced by arboriculture in most of the cases, was considered nil, given the history of non profitability of traditional cereal culture in the project area. The cereal productivity represents 400 Kg/ha in average, and the production barely covers the cost of labor. The sensitivity analysis confirm that results are unchanged if cereal culture is taken into consideration.

### Economic profitability of fruit trees and vineyard plantations

Agricultural development initiatives on private lands (plantations, preceded in 27% of cases by land development, and followed in 4% of cases by windbreak plantations) have been subjected to a detailed economic analysis, in order to measure their economic efficiency. The economic investment cost in plantations includes, apart from the cost supported by both the project and the beneficiaries, the investment cost of irrigation supposedly borne by PNDA.

	<b>Full Irrigation</b>	<b>Partial Irrigation</b>	<b>Rainfed</b>	<b>Rainfed</b>	<b>Rainfed</b>	<b>Combined</b>
	Apple, pear trees	Apricot, plum, peach trees	Almond trees	Olive trees	Vineyard	All Crops
Economic ERR	15%	34%	65%	25%	25%	36%
NPV Net Income/ha @ 10%	240 484	339 573	1 349 073	155 307	459 889	525 895
<i>Sensitivity Analysis</i>						
ERR if prices drop by 10%	11%	31%	63%	23%	22%	
ERR if yields drops by 10%	11%	31%	63%	23%	22%	
ERR if investment raises 10%	14%	33%	64%	24%	24%	
ERR if prices drop 30%	0%	23%	56%	19%	15%	
ERR income if yields drop 30%	0%	23%	56%	19%	15%	
ERR if investment raises 30%	12%	30%	61%	23%	22%	

This gives an average ERR of 36% (compared to 39% estimate at appraisal) with the lowest ERR (15%) for apple trees and other irrigated species and the highest ERR for almond trees (65%). Sensitivity to price and yields variation is higher for irrigated species than for the others. The comparison of economic and financial results give interesting indications on the impact of subsidies on arboriculture: irrigated fruit tree plantations which have the lowest ERR and are the most sensitive to price and yields fluctuations, are the most subsidized -eight times higher than the other species that are better adapted to mountain arboriculture. Due to those subsidies, the financial profitability of irrigated fruit tree plantations is artificially inflated,

and has led many farmers to opt for irrigated plantations as long as water resources were available. The sustainability of these plantations remains questionable (a) due to the high cost associated to the renewal, after a few years, of irrigation equipment that producers would have to bear (at their own expense) and (b) due to the lack of competitiveness of that production, compared to fruit production in plains with denser and more productive plantations or to imported fruits. These conclusions call for a better targeting, in the future, of subsidies towards species presenting better economic returns and more sustainability.

## Overall analysis

### *Economic Benefits*

Project activities generating measurable economic benefits are mainly: forestry works, agricultural land management, development and management of water sources (springs, wells etc.) and irrigation, fruit tree planting, windbreaks, rehabilitation and upgrading of rural roads, and apiculture. Other activities such as those pertaining to institutional development cannot be analyzed on the basis cost-benefits scheme due to the lack of measurable outcomes and have not be considered for such exercise at appraisal.

The increase of water resources generated by anti-erosion actions and plantations is calculated on the basis of the analysis of their impact on erosion carried out by the project's M&E unit. On the basis of an average annual erosion level of 12 m<sup>3</sup> per ha prevailing in the area, mechanical corrections (flood control corrections) are expected to have reduced erosion by 91% and biological corrections and all other initiatives by 7%, based on measurements carried-out through an erosion monitoring protocol installed in the project area. The decrease in the volume of silt deposited in the water reservoirs and dams corresponds to an increase of water in those reservoirs in nearly equivalent volume (respectively 10.92 m<sup>3</sup> and 10.44 m<sup>3</sup> per ha. Flood control corrections are converted into hectares on the basis of 1 m<sup>3</sup> = 0.1 ha. These gains, valued at the economic price of water, are taken into account conservatively, i.e. at 50% of their calculated value. For the hill dams, the annual water resource is estimated at 80% of the useful capacity of the two dams (560.000 m<sup>3</sup>).

Plantations made on public lands (reforestation, terraces, river banks) are principally meant for conservation rather than logging. However, some wood will be harvested as a result of necessary thinning and pruning operations and can provide additional incomes to the government. It is estimated that these plantations can produce 1 m<sup>3</sup>/ha, at the price of 2.000 DA/m<sup>3</sup>, from the 16th year for the coniferous and the 30th year for the deciduous trees.

In total, benefits generated from fruit trees and vineyards represent by far, the most important portion of economic benefits, while benefits deriving from the increase in water resource and sale of wood remain marginal.

### *Economic costs*

The economic analysis takes into account the overall costs of the project (including those that do not generate measurable benefits), including the part of investments financed by the beneficiaries or the PNDA, after conversion of financial prices to economic prices. Project costs include original investment costs and in the case of reforestation only, maintenance costs during the first two years after planting. For investments on the public domain, there is a need to include maintenance costs estimated as follows, on the basis of data indicated at appraisal:

**Recurrent Maintenance Costs**  
(in % of Initial Investment Cost)

	Reforestation	Terraces	Water Stream Banks	Rural Roads (Rehabilitation)	Rural Roads (Upgrading)
Year 2 & 3	0*	6%	11%	1%	2%
Year 4 to 24	10%	4%	8%	1%	2%
Year 24 to 40	5%	2%	4%	1%	2%

\*Included in initial investment cost and incorporated in initial Works contracts.

For investments on the private domain, the cost of maintenance is supported by the beneficiaries and deducted from the net income. For hill dams, maintenance costs, estimated at 2% per year, are also expected to be borne by beneficiaries (but is included in the project costs).

***Fiscal impact***

Costs supported by the Government are those it has financed under the project and the subsequent recurrent costs for investments on public lands. Government incomes derive from taxes levied on project costs, on agricultural inputs for plantations future maintenance, on sale of wood from public lands, as well as from increased amount of water resource (supposedly sold to farmers at financial price, excluding the water coming from hill dams). On net balance the fiscal impact is positive.

	Fiscal impact In million DA, value 2005	
Income	Expenses	Balance
1549	1127	422

***Outcomes and Sensitivity***

	Current value of flows In million DA, value 2005
Benefits	1127
Costs	5338
Net benefits	11418
IRR	22.5%

The ERR is at 22.5% compared to 26.5% as appraisal estimate. The difference is mainly due to (a) the increase in plantations investment costs, as a result of the introduction of irrigation and (b) the delays in assets creation which cause delayed benefits). The main factors likely to influence the productivity in the future are: i) the price of agricultural products and the production yields. It is noted that, even with there is a 30% decrease in prices or productivity, the ERR remains high at 12%.

SCENARIOS	IRR
• If product prices drop by 10%	19%
• If yields drops by 10%	19.30%
• If product prices drop by 30%	12.40%
• If yields drop by 30%	13.20%

## Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating		
	Month/Year	Count	Specialty	Implementation Progress	Development Objective
<b>Identification/Preparation</b>					
July 96	1	TTL			
<b>Appraisal/Negotiation</b>					
10/22/96	6	TTL, So, ES, FOR, Ec, Ag			
12/17/96	6	TTL, FS, PS, ES, Ec, So			
<b>Supervision</b>					
07/28/1997	1	Task Manager (1)	HS	S	
01/05/1998	1	Task Manager (1)	HS	S	
03/02/1998	2	Task Manager (1); Forestry/NRM Spec. (1)	S	S	
07/13/1998	2	Economist (1); Forestry & NRM Spec. (1)	S	S	
03/25/1999	3	Economist (1); NRM-For. Spec. (1); Fin. Mgt. Spec. (1)	S	S	
11/01/1999	2	Sect. Leader (1); Economist(1)	S	S	
04/17/2000	1	Economist(1)	S	S	
07/07/2000	3	Director (1); Sector Mgr. (1); Economist, TTL (1)	S	S	
06/11/2001	1	TTL, Economist(1)	S	S	
11/05/2001	2	TTL, Economist(1); NRM Spec. (1)	S	S	
05/20/2002	3	TTL, Economist(1); Sociologist (1); Procurement Spec. (1)	S	S	
06/23/2003	2	Economist & TTL (1); Sr. Procurement Spec. (1)	S	S	
10/23/2003	2	TTL & Economist (1); Sr. Env. Mgt. Spec. (1)	S	S	
02/25/2004	2	Economist & TTL (1); Procurement Spec. (1)	S	S	
06/01/2004	5	TTL, Economist(1); Env. Spec.T (1); Sociologist (1); Procurement Spec. (1); Irrigation Eng. (1)	S	S	
10/28/2004	1	TTL (1)	S	S	
03/21/05	7	TTL, Procurement Spec. ; Sociologist ; Financial Mgt. Spec.	S	S	
<b>ICR</b>					
10/06/2005	5	TTL, Economist, Sociologist; Procurement Spec.; Financial Mgt. Spec.			

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US\$ ('000)
Identification/Preparation	1.5	4,474.00
Appraisal/Negotiation	42.70	168,553.96
Supervision	81.10	484,269.42
ICR	6.81	39,265.60
Total	133.11	694,562.98

## Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	<u>Rating</u>				
<input type="checkbox"/> <i>Macro policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Sector Policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Physical</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Financial</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Institutional Development</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Environmental</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<i>Social</i>					
<input checked="" type="checkbox"/> <i>Poverty Reduction</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Gender</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Private sector development</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Public sector management</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA

## Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

### 6.1 Bank performance

#### Rating

- |   |                          |                                    |                         |                          |
|---|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Lending     | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Supervision | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall     | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

### 6.2 Borrower performance

#### Rating

- |   |                          |                                    |                         |                          |
|---|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Preparation                           | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Government implementation performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Implementation agency performance     | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall                               | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

## **Annex 7. List of Supporting Documents**

1. Project Appraisal Document, March 1997
2. Loan Agreement, April 1997
3. Correspondence relating to extensions of closing date and loan cancellation
4. *Aide-mémoire* of supervision missions and PSRs/ISRs
5. Borrower's Annual Progress Reports and Final Report (May 2005) as well as other relevant documentation prepared by the PMU

## **Additional Annex 8. Borrower/Implementing Agency Contribution**

### **A. Summary**

1. The Rural Employment Project is operating in an economic environment characterized by: i) a reduction in the country's financial resources due to the decline in oil the price, Algeria's primary source of export; ii) increased unemployment, which went from 21% in 1987 to over 30% in 1998; iii) the introduction of the IMF-recommended structural adjustment program, the negative impacts of which were soon felt in terms of social welfare.

2. The project is a continuation of efforts by the Algerian Government to mitigate unemployment among disadvantaged segments of the population, and follows up on a series of multisectoral public welfare programs based primarily on labor-intensive works designed to generate a large number of jobs, particularly in road maintenance, forestry and water supply, as well as in the housing and agricultural sectors.

3. In 1997, the Algerian Government conveyed to the World Bank a loan request for partial (i.e., 80%) financing of the project (Loan 4143-AL) proposed by the Forestry Directorate (*Direction générale des forêts*, DGF) under the oversight of the Ministry of Agriculture and Rural Development (MADR).

4. ***The objective of the project is to contribute, directly and indirectly, to employment creation in rural areas.*** This contribution is to occur through physical interventions aimed at creating assets, developing productive resources, and improving agro-ecological conditions. Over the short-term, the project is intended to offset the inadequacy of incomes and consumption and, in order to generate longer-term impacts, particularly on labor productivity; it has focused efforts on the creation of assets.

5. The project components were the following:

- ***Erosion Control Measures*** including reforestation, stabilization of river banks, and construction of bench terraces and flood protection structures;
- ***Agricultural Development***, including land improvement, fruit tree and grapevine plantations, establishment of windbreaks, and improved access for local populations through the construction and improvement of rural roads;
- ***Water Resource Mobilization*** through the construction of small hill dams, digging of wells and improvement of water points;
- ***Promotion of Rural Women*** (through agricultural and handicrafts activities); and
- ***Institutional Development*** (training, studies and equipment).

6. This multidisciplinary and multidimensional program is based on national policy themes in the area of land management and works, particularly in mountainous areas, and on the *Plan National de Développement Agricole* (PNDA).

7. The approach chosen assumes the rural population's sustained involvement in, and accountability for, the choice and implementation of project activities. This participatory approach is aimed in particular at integrating these populations into a ***dynamic ensuring the sustainability*** of the envisaged actions.

### **B. Introduction**

8. The purpose of this summary of the completion report is to describe a rural development project and to compare the results obtained to the objectives assigned at the outset.

9. In terms of **direct job creation**, the objective was to create about 40,000 person-years of direct employment. The project generated 9,813,449 days of labor, or the equivalent of 40,889 person-years, a

figure corresponding to 100% of the project objective. Through the agricultural component, and particularly the establishment of fruit orchards and vineyards, the project benefited 30,000 farmers who can be deemed to have permanent employment on their own farms. In addition, the project provided 3,018 disadvantaged women with income-generating activities that can be considered to be permanent jobs.

10. Regarding the **creation of indirect jobs** generated by the exploitation of assets, the project increased on-farm employment by an average of 7.4 person-days per hectare. This figure corresponds to additional employment generated from the conversion of one hectare of cereal cultivation into one hectare to fruit tree or grapevine cultivation.

11. In addition to the labor requirement generated during project execution, another of the project's significant characteristics was the **creation of small and medium enterprises**. Most of these enterprises were created starting at the beginning of the project. Only 1.5% of them existed before 1997. Thirty-four percent (34%) of them emerged during the first three years of the project, and nearly 61% between 2000 and 2003. The opportunities offered by the project, and subsequently by the *PNDA*, were clearly very conducive to the emergence of small private enterprises specializing in forestry-related, agricultural and rural infrastructure works.

12. From the standpoint of **environmental impact**, positive results were obtained in terms of **erosion control** and **protection of some villages** that had previously been subject to flooding. The reduction of erosion through the project's erosion control activities was estimated by means of an observation mechanism set up throughout the project area. This mechanism worked by trapping the solid material accompanying run-off from every rainfall in basins located downstream from impluviums.

13. As for the **impact on living conditions**, the project provided additional income to beneficiaries through its fruit tree and vineyard activities.

### **C. Main results and conclusions**

14. The National Agriculture Development Plan (*PNDA*), which was recently expanded to include rural development, thereby becoming the National Plan for Agricultural and Rural Development (*PNDAR*), is based upon various programs, including the Rural Employment Project (REP). This resulted in a variety of financing mechanisms that made it possible, on the one hand, to respond to the equally diverse concerns of the targeted rural populations and, on the other, to ensure complementarity between water resource mobilization activities and agricultural development. ***There is therefore an actual synergy in this respect.*** For example, many beneficiaries of fruit tree plantations under the REP installed drip irrigation networks in their orchards with financing from the National Fund for Agricultural Regulation and Development (*FNRDA*).

15. Project impacts are many and various. Studies have incontrovertibly demonstrated many positive impacts in terms of socio-economic conditions and natural resource protection.

#### ***Social welfare impact***

16. It was noted that small farming operations, long mired in archaic management and left to themselves without outreach or technical support, gained under the REP an awareness of new ways to work the land and derive profit from their labors, as well as tangible innovations in terms of agricultural practices. ***The project therefore brought new hope.***

17. One of the main factors accounting for the acceptance of the REP on the part of farmers (*fellahs*) was the introduction and gradual application of the participatory approach to the implementation of interventions. The *fellahs* were thus involved in the creation of orchards, the choice of species, and the construction of small hydraulic works.

18. The broad involvement of small and medium private-sector enterprises also had significant impacts, both direct and indirect, on the generation of jobs and income, even though the jobs created were temporary ones. The great increase in job creation through REP worksites is increasingly accompanied by a demand for labor arising from the need for orchard maintenance and for fruit and grape harvesting.

19. It can be confidently asserted that ***a real change in farmers' behaviors and ways of thinking is now occurring***. The REP has enabled beneficiaries to equip themselves, and this has led to a change in investment behavior: e.g., refurbishment of tractor motors and the purchase of irrigation equipment with initial profits from fruit harvests. ***The self-financing of maintenance is an indication of the economic profitability of investments*** beginning in the earliest years of project implementation.

20. ***The regulation of commercial circuits is starting to occur*** through direct sales to local fruit and vegetable markets: agents used to purchase orchard crops prior to the harvest and, while it is true that this practice still exists, it is beginning to be supplanted by direct sales by the *fellahs*. This is increasingly being encouraged in order to expand sales to regional-scale markets, thereby ensuring more efficient disposal of production. This short-cut in the distribution chain will eventually, and logically, lead to a ***reduction in the consumer price of agricultural products*** due to the reduction in the margins previously taken by agents, and will thereby also lead to ***improved remuneration of producers***. This will inevitably have a positive influence on the ***sustainability of project activities***.

21. The *project's* effects on household incomes and consumption, and the impact of project activities on job opportunities, are manifesting themselves through ***a burgeoning entrepreneurial mindset***: the creation of olive oil mills, fruit canning plants, fruit juice processing units and privately-operated wine cellars has picked up considerably. These impacts will probably be felt in terms of consumption of manufactured goods, and through the savings critical for the replenishment of capital.

22. A perceptible improvement has been noted in income levels through initial sales of fruit harvests in particular, and more specifically of grapes. This is perceptible through projects encouraging *fellahs* to consider expanding their orchards and acquiring irrigation equipment. Many *fellahs* are already envisaging agro-alimentary units (e.g., SABRA) for the processing of orchard fruits. The strong demand for expansion of the tree cultivation program and for the conversion of hectareage previously under cereal grains is a perfect illustration of this. This is the result of a dawning awareness that market gardening does not bear any 'fruit' (in the 'wealth' sense of the word), and that it requires a lot of water and labor. The impact of this transition on income levels is definitely a primary factor in the transition itself.

23. The demonstration effect often spurs new requests on the part of *fellahs* who, at the beginning of the operation, were reticent and now definitely want to benefit from tree planting programs once they have seen the initial results on their neighbors' farms. The dissemination effect is thus induced by the visible financial connection, but this activity still requires much more work than cereals cultivation. It is precisely this labor, and the continuous presence of the *fellahs* in the orchards, that have brought about the change in behaviors.

24. Sustainable resource management is ensured by beneficiary participation and by the practice of taking local know-how into account, since farmers are involved from the outset in project planning, and especially because they have internalized the idea that this project belongs to them and not only to the Administration.

25. The REP has thus helped reduce unemployment by creating jobs through works such as reforestation, run-off remediation, and grapevines and fruit trees plantation. It has also improved the incomes of family farms through the support it has provided to small-scale beekeeping and poultry-raising operations. The goal now must be to create the conditions needed to ensure the sustainability of the positive impacts, while at the same time providing greater support to beneficiaries through regular follow-up

interventions in which they must take part.

### ***Technical and environmental impacts***

26. In order to gauge the efficacy of the erosion control measures, it was agreed, within the context of the project's monitoring/evaluation function, that erosion reduction would be determined by means of an observation and measurement mechanism. This mechanism, which was put in place during the summer at the end of Year 2, and was improved and expanded in Year 3, is comprised of 13 operational stations, each consisting of two below-ground basins located downstream from an impluvium. Analysis of the observations indicates indisputably that *the set-ups have been effective*. The ratio of abrasion (or erosion) at the control site, i.e., the unprotected site, to that of the equipped site is 16% for planted sites and 11% for sites equipped with runoff remediation. In other words, the gain (i.e., rate of efficiency) corresponding to each type of site equipment is *84% for biological protections and 89% for mechanical protections*.

### ***Impact on forestry staff***

27. Through its institutional development component, the project has had a positive impact on DGF structures in general and on forestry personnel working in the project area in particular. The benefits of this component have been felt in several ways: i) provision of central and local services with computer and office equipment and means of transportation that had been lacking; ii) training in the areas of project management and participatory approaches; and iii) experience acquired in the areas of procurement and works oversight.

28. Moreover, the corps of forestry workers obtained greater acknowledgment from the populace, which increasingly thinks of them as partners in development. The project enabled foresters to go from the status of forest guards to that of development agents, and to become privileged partners of the rural population instead of being seen exclusively as a coercive force. Currently, it is foresters who are animating the government's integrated rural development program at the local level, using skills acquired under the REP.

### ***Sustainability of project activities***

29. The project has some ingredients of sustainability built into it. In terms of methodology, it has used the participatory approach as a basis for activities, and particularly for those concerning the population directly. By being involved in works execution, investing their labor, and committing their lands to the project, beneficiaries have demonstrated their commitment to the long term. They have generally acquired a good understanding of the economic value of fruit orchards and vineyards.

30. Sustained activity has been observed on the part of most beneficiaries where orchard maintenance is concerned: i.e., fencing, construction of basins, fertilizer application, pruning, weeding, etc. Surveys indicate that at least 10% of additional income from sales is being reinvested in the farming operation.

31. The establishment by the Government of a rural development support fund (*FNDR*) has enabled most REP beneficiaries to finance supplemental investments such as well-boring, installation of local irrigation kits, construction of water storage basins, and even the expansion of orchards. This strategy of combining the contributions of the REP and the opportunities of the PNDAR, which is encouraged by the project implementation agency and is being adopted naturally and systematically by all beneficiaries, is an additional factor ensuring the sustainability of the project.

32. Other beneficiaries have financed these activities out of their own funds in order to consolidate the investment realized under the project.

### ***Impact in terms of additional income***

33. Additional income generated by the exploitation of assets provided by the project has, to varying degrees, helped improve living standards for beneficiary households. This improvement is, of course, proportional to income, which is in turn related to the surface area planted under the project. The extent of the improvement is related to the size of the orchard or vineyard and the extent to which it is worked under irrigated conditions.

34. Improvement in living standards was measured through increased household consumption, as determined before and after the project. On average, increased consumption of about DA 10,000/annum per household was noted. Expenditures associated with various consumption categories all increased to varying degrees. Food and hygiene were the first categories to benefit from the additional income (68%). Domestic expenses were in second place (19%), and health, schooling and clothing were in third place with 13%.

35. As regards rural women, only the beneficiaries of beekeeping activities showed a clear increase in income, which they used primarily, and substantially, to boost household consumption.

36. As orchards and vineyards (under the agricultural development component) and hives (under the 'promotion of rural women' component) came into production, beneficiaries' increased income enabled them not only to increase household consumption levels but also to invest in their farms.

37. Surveys of these categories of beneficiaries indicated that over one fourth of beneficiaries of fruit and vine plantations reinvested a portion of their additional income in equipment, irrigation and the maintenance of orchards and vineyards. In addition, 30% of female beneficiaries of beekeeping activities also used the additional income obtained from sales of honey to maintain their hives and acquire additional ones.

### ***Reduction of rural outmigration***

38. From 1994 onwards, the phenomenon of outmigration worsened markedly along with the deterioration in the security situation, and primarily affected scattered populations and remote settlements. By targeting the inhabitants of mountainous rural areas within the context of a difficult economic and security environment, the project sought to keep the populace in place by creating jobs, re-energizing agricultural activity and improving physical access.

39. Beginning with their initial contacts with the project, this populace came to perceive the authorities' concern about their circumstances, and the ongoing presence of forestry personnel among them also helped gain their trust. In this respect, the project averted further departures by offering the alternative of on-site employment.

40. In addition, monitoring and evaluation missions consistently noted the return, under the project, of many families to their rural lands after more than a decade of absence. This observation, although difficult to quantify on the scale of the project area, was confirmed by testimony from the local authorities of many townships, including in particular those in the areas of Tessala, Beni Chougrane, Sidi bel Abbès and Dahra. Surveys of beneficiaries of the Agricultural Development component showed that 13% of them left their homes between 1994 and 1997, most (87%) of them for security reasons. Returns occurred mainly in 1997, i.e. when the project started. In addition, 9% of households have one or more active members who left the area in search of work and returned between 2002 and 2004 due to the combined effect of the project and the *PNDAR*.

41. A dynamic of working the land established itself in Year 2 throughout the project area, and was consolidated by implementation of the *PNDAR*. The rural and mostly poor population was unable to provide the funding needed for agricultural activity, which is still the main source of income. A survey

of beneficiaries of the agricultural development component indicates that 5% of them began to work the land with the help of the project, which provided them with the means to make improvements to their own farms.

42. The approach adopted under the project had a spillover effect on these inhabitants, who continued to request additional fruit tree and grapevine plantations until the project ended. Several instances were reported of individuals, particularly in the perimeters in the province (*wilaya*) of Tlemcen, converting cereal cropping into tree or grapevine cultivation after many years spent as emigrants.

### ***Impact on the organization of project implementation***

43. In the interest of greater efficiency, the project opted for a decentralized organization of implementation, which made it possible for the implementing agency to have an ongoing presence in the area and to remain in continuous contact with both the local population and the other actors.

44. The project's pyramidal organization, in which the base level enjoys broad autonomy, had a positive impact on the sequence of project activities. Freedom of initiative, especially at the regional level (*Conservation des Forêts*), made it possible to overcome many difficulties and to maintain an acceptable pace of implementation.

### ***Conclusions***

45. This project responded to a major concern of the local authorities, namely, *reducing unemployment*. The volume of jobs generated by the project worksites made a significant contribution to keeping rural populations settled in their villages (*douars*), thereby **reducing rural outmigration**.

46. It can also be asserted that this project capitalized on positive experiences acquired in the area of integration of rural populations through the participatory approach, and that it spurred an unprecedented dynamic of agricultural development in the region.

47. Thus, the positive results recorded and the ***vigorous participatory dynamic*** are an argument in favor of extending this type of program, especially in terms of its approach and implementation logistics, to other zones having the same agro-ecological and socio-economic characteristics. It is precisely in this connection that the Government has initiated the *Second Rural Employment Project* currently being implemented with assistance from the World Bank.

### **D. Recommendations**

48. Based on results obtained with the implementation of this project, and in order to ensure the sustainability of the actions initiated and assets created under the project, one of the main recommendations is to think about their maintenance and sustainability once the project is over. It is important not to lose sight of accomplishments in the areas of organization and monitoring. It would therefore be prudent to consider a consolidation phase.

49. A workshop is proposed in order to identify the lessons of the REP. The purpose of this workshop would be to: (i) review the conclusions and recommendations of the Implementation Completion Report with the various partners; (ii) formulate recommendations aimed at improving implementation of the 2nd REP and of other similar projects in the country; and (iii) identify the mechanisms for collaboration and cooperation with other actors such as local authorities, beneficiaries, and representatives of other ministries operating in the zone.

50. Communication is a crucial element in the project implementation process. A number of measures will therefore be taken in this area, including:

- development of a communication plan setting out all operations needed for disseminating

information about the project, and for communication via means adapted to the sociological and cultural specificity of the project area;

- establishment and implementation of a program of in-service training for forestry agents in communication procedures is crucial to project success. Indeed, the corps of forestry agents is not only involved in implementing project activities, but also serves as an intermediary between the rural population and the Administration;
- decentralization of project management made the project easier to implement and monitor. The model chosen for its implementation proved effective: Project Management Unit (central) – Coordination Unit (local) – Heads of schemes – Inter communal Development Unit (*Cellule intercommunale de développement*). However, the relationships among the various actors need to be clarified. Indeed, while the Algerian authorities encourage participatory development, the promotion of a contractual mode of management requires a reorganization of institutions with a view to their decentralization, i.e., an efficient local administration possessing substantial resources and a well-trained and technically competent staff.

51. The rural women's component was more successful in beekeeping and embroidery activities than in poultry-raising and weaving. It would henceforth be advisable to propose activities that are well suited to the context of the zone being promoted. An in-depth study should first be done of the rural female population in order to determine its expectations and identify the most appropriate proposals. The project nevertheless succeeded in rectifying the situation by emphasizing beekeeping, which has become the most suitable.

#### **E. Relation with the Bank**

52. All along project preparation and implementation, there has been a regular monitoring from Bank staff. Supervision missions took place every three months. Some difficulties were faced at the beginning, in procurement, as Bank procedures were not fully mastered by the project staff but, overall, there was a good synergy with the Bank.

