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## FIELD APPRAISAL FRAMEWORKS FOR AGRICULTURAL PROJECTS

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### ABSTRACT

This article aims to highlight the main frameworks during field appraisal of agricultural projects which the Kuwait Fund contributes to financing, according to practical experiences over many years. It is necessary to know the basics of such appraisal, which is considered the most important element and information that must be obtained, extract advice and lessons learned. There are many criteria that can be considered during appraisals, including social, economic, financial, technical, legal and environmental issues. As stated in the administrative procedures manual for managing the Fund's operations and disbursement (1), The field appraisal is carried out after the technical and economic feasibility studies are available and include the basic information and data needed by the appraisal team, and can be completed during the appraisal period. The appraisal contributes to making decisions in determining priorities for distributing financial allocations to the various elements and components of the project. The teamwork among the members is the compass for the success of any field appraisal.

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## INTRODUCTION

Projects in the agricultural sector have economic and social impacts that are difficult to measure financially. The importance of this sector lies in the fact that majority of the population of developing countries lives in the countryside or rural areas relying on agricultural activities as a main source of livelihood and most of them are small farmers. The sector contributes to providing job opportunities to limit the migration of rural residents to cities. It also contributes to providing raw materials used in many manufacturing and food industries and is an essential element in the food security chain.

### Agricultural projects include the following subsectors

- Irrigated agriculture and land reclamation to produce food and cash crops that constitute more than 90% of the Fund's agricultural projects.
- Livestock projects for the production of meat, milk and many derivatives.
- Fisheries including developing traditional fishing practices, fish farming and aquaculture establishing fishing ports and fish preservation stores.
- Reviving and protecting natural pastures, forests and improving range management.
- Constructing dams to store and harvest water for various purposes.
- Agro industries, including sugar production and processing, dairy factories, and setting up slaughterhouses, grain storage silos, flour mills, wood board production plants, production

and canning of fruits and vegetables. It also includes development banks for micro credits to support small farmers.

- During the past 62 years the Fund supported lending the agricultural sector by providing financing for projects related to various sub sectors,
- With a total amount of about US\$ 2.0 billion for 132 projects (2), which cover about 14% of total Kuwait Fund's lending. Such projects are geographically distributed to many countries in the Arab world, East South Asia and the Pacific; West Africa; Central, South and East Africa; Central Asia and Europe; Latin America and the Caribbean's.

### Project Cycle

Agricultural projects do not differ from those related to other sectors in that they pass through the different stages known as the "project cycle" (3), which starts with identifying and defining the project, preparing studies, field appraisal, and then negotiations and the proposed loan agreement. The field appraisal is considered the most important phase of the project cycle, as it is determined whether the proposed project is technically and economically feasible to submit final recommendations to the Fund's management regarding the suitability for financing. At this stage, in cooperation with the borrower available data and information related to the project in question are reviewed, including economic, financial and legal in addition to technical information such as engineering and agricultural aspects and the extent of their compatibilities, as well as reviewing prices which are the basis for estimating costs, forecasting the increase in quantities of materials and prices during the implementation stages, determining technical services and estimating

operation and maintenance costs, and then determining the estimated project costs and list of goods that will be Financed by the Fund's loan. This stage also includes an evaluation of institutional capacity building, as the Fund focuses on paying attention to the entity responsible for implementing the project in terms of structural organization and technical management, and the availability of local capabilities to achieve the desired goals in managing and following up on the implementation of the project during its various milestones. At this stage, the economic cost-benefit analysis is also reviewed with the most appropriate alternative in achieving the project objectives.

### **Data and information needed for appraising agricultural projects**

Starting a new project or expanding an existing one or rehabilitating an old project requires some criteria to appraise the situation before starting to finance any development project. This includes technical, legal and other matters to calculate economic or financial returns, in addition to Social benefits. Field visit is necessary as it provides opportunities to learn about the reality of the project areas and nature of the beneficiaries and to listen to them directly regarding their views and opinions. There are some key matters should be taken into consideration during the field visits. They can be addressed as follows:

- Focusing on Land tenure system and ownership policies.
- The availability of public services in the project areas.
- During this stage, the social impacts of the project are also discussed.
- Measures must be taken to discuss the environmental impacts expected from project implementation; as agricultural projects include elements with significant environmental impacts including land reclamation, building dams, settlement and others.
- It is necessary to discuss the transboundary water which is "a system of waters that flow naturally towards a common outlet, parts of which are located in more than one country or region". It is necessary to ensure that there are agreements between the riparian countries and to review them from a legal standpoint. These waters include rivers, lakes and groundwater.
- Participation of beneficiary groups which is very useful to meet individuals and groups directly benefitting from the projects, in order to increase understanding of their role and obtain realistic information and opinion about the project areas and the obstacles they face.
- It is also possible that during the appraisal, the need for modification may arise to be added to components or elements to the project.

### **Agricultural Sector at national level**

It is important to obtain updated information about the sector, such as:

- The sector economic and social importance at the country level, its role in contributing to national income, export revenues, the government expenditure on the sector and the official bodies that assume responsibility for the sector.
- Addressing in numbers the activities of the various branches of the sector such as irrigation, crop production and animal production, natural pastures, forests, fish resources, etc.
- The total area size of the country, arable and cultivable, the areas of land cultivated with the most important crops, the average of agricultural holdings and quantities of crops produced annually in tons for the last 5 years.
- Surface and groundwater resources, the most important active rivers, their lengths and flow rates.
- Existing dams and their water storage volumes.
- Summary of climate and weather patterns across the country

- Addressing the most important obstacles facing the sector and the government's development plan.
- Sources of information: It is necessary to obtain information from official state sources especially the statistics from which agricultural and other data are derived.

### **Project area**

The following are the main information needed regarding the project area:

- Addressing the location of the project and the distance from the country's capital and determining the gross and the net area.
- An overview of the topography of the land and a description of the prevailing covering vegetation.
- Summarizing the climate of the area and indicating rainy seasons, precipitation and temperature, averages relative humidity and annual evaporation rates.
- Briefly summarize the classifications and types of soil, their sustainability for agriculture, and their most important problems and provide solutions.
- Land ownership and agricultural holdings: a system for distributing land according to the purpose, the average area of each holding (hectares), addressing the situation before the project and after its implementation.
- Providing statistics on the numbers of farmers and agricultural families benefitting, and determining the percentage of women beneficiary of the project.
- Crop cycle program: determining seasonal planting periods and identifying the main crop types (Food and cash) and expected productivity before and after the project (tons/ha) and determine crop intensity.
- Information and data on the main sources of irrigation water, and calculated water needs (m<sup>3</sup>/ha per season for each crop).
- Agricultural inputs: The project needs of the most important inputs, such as seeds, fertilizers, pesticides, manpower, agricultural mechanization and others.
- Agricultural organizations and services: Addressing and researching the provision of water user associations, producers and breeders, and organizations that contribute to providing services to beneficiaries, and the extent to which state services are available to them in terms of training and extension services, and the availability of agricultural credit services.
- Ensuring capacity building support for project workers and beneficiaries through workshops.
- Providing data on animal population and production in the area including livestock, poultry, fishing and others.
- Information and data about the social infrastructure and services available in the area such as educational or health, roads, marketing and storage means... etc.

### **Special Conditions**

There are some special conditions or covenants the borrower should undertake at the Fund's request during the appraisal, the most important of which are the following:

- Ensuring the allocation of sufficient quantities of water for irrigation purposes during all seasons.
- Providing training and extension services in the project areas for the beneficiaries.
- Providing credit facilities to beneficiaries in the project areas.
- Taking measures to ensure that beneficiary associations are established, organized in accordance with the rules and regulations prevailing in the country. This is before the implementation so that it has to carry out the tasks and responsibilities assigned to it, especially with regard to maintenance works. Providing agricultural production

marketing services sufficient to meet the needs of beneficiaries.

- Facilitating and providing agricultural inputs necessary for various production activities.
- Providing the necessary veterinary care services to maintain the health of livestock in the area. In some projects, it is necessary to create corridors for the grazing livestock to cross between agricultural areas and controlling its movement.

### ***Conclusion and lessons learned***

A brief reflection regarding the main lessons learned during field appraisal for agricultural projects is concluded and summarized as follows:

- Agriculture is the main key for food security chain, and needs supports from governments, financial and development institutions.
- Attentions should be paid to small farmer groups through securing their land ownership.

- It is a must to establish water users' associations and producers' organizations, to be involved in the project's operations and maintenance.
- Attentions to be paid for provision of training and services to the beneficiaries.
- Emphasis should be given to rehabilitation and upgrading projects over new ones.

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