Project Evaluation Series

Evaluation of the project "Action Against Desertification in support of the implementation of the Great Green Wall for the Sahara and the Sahel Initiative and of the UNCCD action plans in Fiji and Haiti, and South-South cooperation in the Africa Caribbean and Pacific countries"

Project code: GCP/INT/157/EC

Annex 3. Financial business model

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
Rome, 2022

1. As already pointed out during the mid-term review (MTR), a project such as Action Against Desertification (AAD) that holistically addresses a number of technical and livelihood issues in an integrated way, needs a sound business model that would address opportunities and risks, starting from a comprehensive review of strengths and weaknesses, and of the financial mechanisms that need to be put into place to have the whole system be financially viable.

2. In this specific case, where there is a perspective of actual creating a recurrent income to offset functioning and investment costs, the lack of financial business plan is symptomatic for the whole project where little to no cost-benefit calculations were made, and where the financial aspects of most interventions were not taken into consideration. So, it is still under debate how much it costs to prepare 1 ha of land, or what is the unit cost of one nursery-grown seedling.

3. Even before the project started, it would have been useful to have defined unit cost ranges, that could then have been confirmed during project execution. In this respect, and with the limited number of data available, it has become clear that unit costs differ a lot with the respective countries where the project was operational. In future, it would be good to train forestry technicians in simple cost-benefit calculations and instil a business-like approach and mentality in the way they (should) run reforestation and restoration activities. In the absence of such attitude, beneficiaries will be left with a set of investments that is difficult to manage (and certainly not sustainably).

4. For none of the interventions, any cost-benefit analysis was ever performed. The latter approach is also not mentioned in the initial project documents and this is to be deplored. At best, coordinators and project teams knew or had a rough idea about the nominal cost of each investment and intervention, but the direct and indirect financial benefits they generate remained unknown; at best, the physical results of the investment/intervention were quantified (number of plantlets produced in the nursery and planted, the number of trainees, etc.).

5. Costs can, however, be considered to be only rough, indicative estimates. Indeed, when a service contract is passed to provide training on a certain issue, the contract mentions the cost involved, might also mention the number of people to be trained, but afterwards cost and eventual participation numbers are not necessarily matched in reporting, nor is training impact quantified nor measured. At best, reporting was on how many beneficiaries were trained on what issues. What the short-, middle- and long-term effect of the training was, was not monitored – here also reporting provided at the most a qualitative impression of the effect of the training.

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