

El Salvador

Reconstruction and Rural Modernization Programme

Project Completion Report Digest

El Salvador - Reconstruction and Rural Modernization Programme

Item	Assessment Remarks	Rating
Country & Project Name	El Salvador - Reconstruction and Rural Modernization Programme	
Loan No.:	579-SV	
Project Id.	1215	
Board Date	06 December 2001	
Effectiveness Date	23 December 2002	
Original Closing Date	30 June 2009	
Final Closing Date	30 June 2012	
Total Project Cost USD(M)	30.50	
IFAD loan US\$(M)	20.00	
Cofinanciers (if any)	Private sector: US\$ 5 388	
Implementing Agency	Ministry of Agriculture and Livestock	
Principal Components	The programme has four components: (i) reconstruction; (ii) rural modernization; (iii) institutional strengthening of the Ministry of Agriculture and Livestock; and (iv) programme coordination.	
Project Performance		
Relevance	The Programme PREMODER was relevant to El Salvador's difficult context, which was recovering from the Hurricane Mitch and two violent earthquakes in 2001. Through its combined actions of reconstruction and rural modernization, PREMODER was in line with the Government of El Salvador's (GoES) policy for poverty eradication, which aimed at integrating social and economic development, involving all segments of the population in decision-making processes. Since 2010, PREMODER's interventions were also in line with PAF (Family Agriculture's Plan) which was the new Government strategy to modernize agriculture as well as improve rural families' conditions. PREMODER strategy was also consistent with beneficiaries' needs, by being demand-led and organization-, market and management-oriented. Programme showed flexibility and over time, its strategy was adjusted and some changes were adopted to make the Programme more effective as well as to remove some constraints to implementation.	5
Effectiveness	Overall, the majority of Programme's specific objectives have been achieved. The project contributed to transform communities' and organizations' entrepreneurial vision. A considerable number of families and organizations were reinserted into the productive, economic, micro-entrepreneurial activities. The Programme contributed to value-chain business development for: vegetables (42 projects); basic grain (8 projects); fruit (7 projects); poultry (20 projects); coffee (11 projects); rural tourism (13 projects); dairy products (20 projects); honey (6 projects); others (51 projects). Human and social capital were strengthened, as well as youths' labour skills were improved. During 2011, there were created 3211 new employments. A gender-equity approach was promoted. By supporting MAG's new programmes, PREMODER contributed to strengthening and improving Government's institutional framework for poverty alleviation and agricultural and rural development. A Program's recognized weakness was the lack of a market development and intelligence Unit, so that a strategic market-linked action plan could not fully be developed.	5
Efficiency	Programme's effectiveness lag stood at 12.7 months. At completion, PREMODER has disbursed 100% of IFAD funds. It is worth noting that PREMODER benefitted from a favourable exchange rate DEG/US\$, by gaining US\$3,6 million. Programme lifetime was extended from the original 6 years to 9.5 years in order to consolidate the operations of the project-financed associative rural enterprises. According to the PCR, the Programme was efficient with regard to the Business Organizational Strengthening as well as the Reconstruction of Productive Infrastructure. The costs for the Administration and Management component have been 11.7% higher than originally planned, with a correspondent reduction in the resources for the other components (Rural Modernization; Reconstruction and Institutional Strengthening). The Programme faced some specific difficulties in 2010, due to budget limitations as well as changes in Programme's staff.	5
Project Performance		5
Partner Performance		
IFAD	Since 2006, IFAD actively participated in UNOPS Supervision Missions in order to review potential implementation constraints and recommend adequate actions to overcome them. Overall, IFAD showed a proactive attitude and approved amendments to the Loan Agreement as well as further changes which contributed to improve PREMODER capacity to achieve its objectives, results and outcomes.	5
Cooperating Institution	UNOPS was the CI until IFAD got in charge of Programme's direct supervision in 2008. According to the Project Status Reports (PSRs), UNOPS did an excellent job in terms of supervision and was a source of advice for all matters of implementation. It properly followed-up the recommendations made during the different supervision missions and ensured that gender issues were taken into consideration by all project staff and service providers.	6
Government	The GoES has shown great interest in PREMODER, as over the course of its implementation the project received the support both from Central Government and local Government. It was flexible to modify and adapt the laws and regulations to facilitate the formation and performance of beneficiary	5

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	cooperative associations. The Programme complied with procurement rules, audit requirements as well as it was in accordance with loan covenants. On the less positive side, during 2010 the Programme suffered from funds' shortage, as well as there were 4 directors in charge of the PREMODER and 8 Programme's officials left the Programme, due to decisions taken at MAG higher level.	
NGO/Other	Quality of services providers has been judged as moderately satisfactory. They provided beneficiaries with new productive, administrative, marketing and value added practices and techniques which allowed them to generate jobs and income. However, as the supply of specialized and good quality technical services is limited within El Salvador, organizations' needs and expectations were not fully satisfied. The relationship with some co-executing actors (FAO, WFP, CARE-Pro-Mercados, CENDEPESCA) for the execution of new projects during 2011 has been difficult due to different interests, timing, procedures and dynamics which caused delays in programme's implementation. As far as UNDP's role as project funds' administrator, it has been considered as effective.	4
Cofinancier(s)		
Combined Partner Performance	<i>The coordination between IFAD, the GoES and the PCU has been considered as cordial and smooth.</i>	
Rural Poverty Impact		
Household Income and Net Assets	As a result of PREMODER intervention, several permanent or temporary employment opportunities were created for programme's beneficiaries and thus they were able to diversify their income sources (from farm and non-farm activities, rural tourism, handicraft). Programme's organizations were able to increase their income as well as to acquire further assets (bicycles, televisions, etc.); land tenure has also increased by 13.6%.	5
Food Security	Thanks to Programme's interventions to boost farm and non-farm-related activities, as well as higher financial resources generated by new income sources, there has been an improvement in the availability as well as diversification of food resources, with an increased uptake of chicken, eggs, vegetables and fruits.	5
Ag. Productivity	PREMODER's interventions in productive infrastructure (irrigation system, agrimarkets and warehouses) as well as road infrastructure contributed to increase as well as diversify agricultural production. Through the rehabilitation of 22 irrigation systems, new cultivation areas were incorporated, as well as higher quality products were obtained, mainly vegetables, livestock and flowers. Through the rehabilitation of road infrastructure, possibilities improved for gaining productive inputs as well as transferring harvest. PREMODER also strongly supported value added processes over the production chain of 56 business processes, such as: wet and dry coffee; collection, cleaning and packaging for honey's domestic sale and export; agro-processing of balm, soy, fruits and vegetables. The Programme also supported 42 organizations dealing with vegetable production and semi-permanent crops (maracuya, banana). These, through the adoption of new production technologies, were able to establish a market-driven higher production.	5
Agricultural Productivity and Food Security		5
Natural Resources and Environment	PREMODER impact on this domain has been satisfactory, due to a number of factors: i) through the adoption of new irrigation and production technologies, there was a reduced impact on water and land; ii) permanent crops (coffee, citrus fruits, cauliflower, etc.) were also implemented, with a positive impact on the environment, due to their lower pressure on soil erosion; ii) specific activities were promoted, such as reforestation, cleaning campaigns, and recycling of products (such as plastic and glass); iii) environment-friendly pesticides as well as organic crops have been adopted; iv) diversification of income sources (rural tourism, handicraft, business centres) also contributed to reduce pressure on natural resources. A final interesting figure is that the Programme-promoted businesses were categorized according to their potential impact on natural resources (being this low, medium or high).	5
Human, Social Capital and Empowerment	The Programme strongly contributed to the enhancement of beneficiaries' <u>human capital</u> through its interventions concerning: training in technical skills, reconstruction of schools and roads, establishment of potable rural water system, preventive health campaigns. By improving the school infrastructure, there has been a notable increase in literacy rate not only of children but also women and men. In terms of <u>social capital</u> , existing producers' organizations and local capacities were strengthened and consolidated from an organizational, technical and economic point of view. Women and young people showed an increased participation within organizations' decision-making processes. The Programme also promoted the arrangement of Women Committees, Marketing Committees, Ecological Committees, Young People Committees, etc. Moreover, organizations' representatives have joined municipal councils, whereas some organizations have become part of social networks at political level.	5
Inst. & Policies	The Programme supported MAG in the creation of the Rural Development General Administration. Moreover, since December 2010, the Programme gave a valuable contribution to support MAG's New Agriculture Family Plan (PAF) as well as its related programmes concerning food security and value chains.	4

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Markets	Market access benefitted from Programme's interventions. Thanks to its interventions on rural infrastructure, transportation costs for marketing inputs and final products went down. Stronger linkages were established between farm and non-farm producers with local, regional, national and external markets. Moreover, the rehabilitation of the production infrastructure also led to a reduced presence of local intermediaries. However, the lack of a Unit for Market Development and Intelligence limited project's achievements on this domain, as market development information on innovative and new market opportunities did not reach farmers and small entrepreneurs as originally planned.	4
Project Impact		5
Overarching Factors		
Innovation	Although the Programme may not rank as a top innovator, PREMODER shows some new interesting features. Project's size, business plans, transfer of funds and administrative responsibilities to beneficiaries, beneficiaries accountability and beneficiaries' responsibility on the contracting and evaluation of technical assistance services, etc. are innovations in the country, considering that the implementation of most Programmes and projects of the same nature in El Salvador is highly centralized and with a top-down management style. Other two relevant innovations are: the involvement of young people (including young women) in organizations' management positions; the adoption of PROFOR (Programme for Organizations' Strengthening) methodology in 2008. PROFOR aimed at monitoring and measuring the progress over organizations' strengthening and development process. It consisted of a categorization process of organizations, on the basis of some established criteria. Consequently, a differentiated strategy was adopted according to each category of Programme's organizations and according to their development level.	5
Replicability and Scaling-up	PREMODER interventions served as triggers for local development. Some features of PREMODER's strategy have been adopted in the design of the new IFAD programmes in El Salvador (PRODEMORO, PRODEMOR CENTRAL and AMANECER RURAL): i) the PROFOR methodology; ii) PREMODER's mechanisms to strengthen organizations' capabilities concerning the Monitoring and Evaluation system; iii) PREMODER gender-oriented strategy has been considered as an example by other IFAD Regional Programmes, through exchanging experiences and learning routes.	5
Innovation, Replicability and Scaling-up		5
Sustainability and Ownership	Programme's strategy was geared towards implementing mechanisms and tools to achieve higher sustainability of its interventions. Thus, the Program started to establish linkages and networks between its organizations and permanent institutions, to ensure the continuity of its future interventions. By adopting PROFOR as a tool for Programme's exit strategy, 191 organizations out of the target 120 originally foreseen were strengthened: 144 (75.4%) of them have been categorized as being in a process of organizational and managerial consolidation and show good sustainability; whereas 41 (21.5%) organizations still need time to strengthen their economic, productive and managerial capacity. However, according to the PCR, these efforts came too late during 2010 and 2011, and thus, although the Program has made considerable progress in linking organizations and mature businesses to formal markets, there still a lot to be done.	4
Targeting	As always stated in the Supervision Mission Reports, the Programme's targeting strategy has been successful: it directed its resources and interventions towards those departments characterized by high poverty levels, and towards those beneficiaries' organizations whose income was below the poverty line and extreme poverty line.	5
Gender	The Programme adopted gender as a cross-cutting approach within its overall implementation, with an emphasis on promoting equal participation of women and men in rural development activities. A gender-oriented strategy and a gender training manual were specifically developed. The creation and support of the Gender Unit in the Ministry of Agriculture has been a further step for institutionalizing the gender approach from within. It also provided support to all IFAD country-based projects as well as other nationwide gender mainstreaming initiatives. As a result of Programme's intervention: i) gender gap has been reduced; ii) women got access to new productive and business-related opportunities as well as they acquired the human and technical skills to negotiate and market their products; iii) women have become more independent and their self-esteem notably increased; v) they benefitted from a higher visibility and roles within organizations and family, which led to women leading productive, organizational and market-oriented processes.	6
Overall Performance		5
Estimated number of beneficiaries		
PCR Quality		
Scope	The PCR is fully in line with PMD guidelines for PCR Preparation and covers all sections required.	6
Quality	There was made an effort to produce this reasonably good PCR. However, this report would have deserved a better systematization in some sections, as in several instances there was no distinction among outputs, outcomes and impacts. The assessment of effectiveness has been done against the	5

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	Programme's components and not its specific objectives. Moreover, the assessment was not substantiated by sufficient quantitative data, and thus it is sometimes difficult to perceive the exact magnitude of Programme's impact.	
Lessons	Lessons Learned draw on the Programme's most salient issues and are relevant and pertinent for future interventions.	6
Candour	The PCR is objective and in line with the Supervision Mission Reports.	6