

Costa Rica: Agricultural Development Project in the Nicoya Peninsula

Item	Assessment Remarks	Rating
Country& Project Name	Costa Rica: Agricultural Development Project in the Nicoya Peninsula (PRODAPEN)	
Loan No.:	371-CR	
Project Id.:	371	
Board Date	December 1994	
Effectiveness Date	February 1998	
Original Closing Date	September 2004	
Final Closing Date	December 2006	
Total Project Cost USD(M)	USD 10,71 million	
IFAD loan USD (M)	US\$5 million	
Cofinanciers (if any)	BCIE: US\$1.8 million; GoCR: US\$0.9 million; Domestic IFIs: US\$: 2.8 million	
Implementing Agency	Ministry of Agriculture and Livestock (MAG)	
Principal Components	The project goal at design was to improve the income and the quality of life of the Project clients in the Hojancha, Santa Cruz, Nandayure, Nicoya and Carrillo "cantones", of the Guanacaste Province, in a 6 years period, by means of the investment in productive activities and the strengthening of the grassroots organizations, assuring its sustainability (LF – 1999). This goal was later modified into: To achieve the greater social and productive development of the smallholders organizations, including 30 productive organizations (OP), 15 community banks (BC), 3 financial intermediaries (IFL), and 15 technical services suppliers (PS).	
Project Performance		
Design	The characteristics of project design responded to the causes of poverty in the targeted region, and took into consideration the lessons derived from the previous two IFAD projects in the country. The ex-ante document did not include a logical framework, which was added in 1999 by the PCU. This was modified again in 2002 as the project developed a better knowledge of the area and the present organisations. While the overall goals and objectives of the project were not changed, this latest Logframe focused more specifically on beneficiaries' organisations, setting targets against them (see above). The major shortcoming of the design was in the administrative structure of the project, which caused delays in project implementation and was eventually simplified.	4
Implementation	An ad-hoc Project Coordination Unit (PCU) was created within the MAG for project implementation. The PCU was part of MAG but was "decentralised" from it, which enabled a more independent and flexible decision making process by the project; budget and financial management required nevertheless approval by the Ministry of Finance and the General Controller's office. Project implementation was initially very slow due to internal difficulties within the PCU, which led to changes in its structure. Implementation took off properly only in 2003, with a three year delay, which had an impact on the ability of the project to ensure the sustainability of its actions.	4
Relevance	The objectives of the project were relevant to the social, economic and political context of the area at the time of project design. The PCR does not provide information on relevance to the Government of Costa Rica (GoCR) or IFAD. The engagement of beneficiaries in project activities appears to demonstrate that it was relevant to them.	4
Effectiveness	The project did not target rural families directly but targeted their organisations, which in turn provided services to the project's target group. Overall, the project served 135 organisations, of which 67 were still active at the time of project completion. In 2000-2002 the project also served the 5 municipalities where it worked. It reached a total of 1,702 families (2,519 individuals) directly, of which 73% men and 27% women (this does not include those reached by the 68 organisations that closed but were also served by the project). The success of the project strategy was proved by the economic, social and managerial progress made by many organisations as recorded by the project's evaluation system and the survey undertaken at the end of the project. 92% of interviewees reported their satisfaction with the project. Although the number of families served by the project is lower than foreseen at design (71%), the total number of beneficiaries was over 5% higher than targeted.	5
Efficiency	Project implementation was foreseen to use 16% of total project resources. This increased as the Banco Popular y de Desarrollo Comunal (BPCD) withdrew part of its funding, and the cost of project components was redistributed, resulting in an overall cost for project management of 21% of total resources. Nevertheless, budget execution resulted lower than foreseen, which led to the 2 year project extension. As regards the	4

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	relation between recurrent costs and the services provided by the project, PRODAPEN spent USD 0.66 for each USD 1 of product/service provided to its beneficiaries. The PCR considers this ratio to be satisfactory. It also analyses efficiency by looking at the cost per family (USD 4,331) and beneficiary (USD 2,937), which the PCR also considers satisfactory in view of the results achieved. Nevertheless, given the ratio between amounts spent by the project/service provided to beneficiaries of other IFAD project in the region, overall efficiency appears moderate.	
Partner Performance		
IFAD	The project benefited from the support of four IFAD regional programmes. The country program manager (CPM) undertook 7 supervision missions plus the implementation support mission that took place following the PCU crisis. In spite of this, the PCR asserts that the project needed further follow-up from IFAD, as its technical support was not sufficient. IFAD's performance during the PCU crisis was not effective enough to avoid it, even if its later initiatives contributed much to overcoming it. Although the PCR considers IFAD performance satisfactory, overall assessment is moderate.	4
Cooperating Institution	BCIE was both CI and financial expert, and in both roles its performance was satisfactory. As for IFAD, its performance in relation to the PCU crisis was unsatisfactory.	4
Government	The GoCR performed satisfactorily as cofinancier and also in relation to the technical support it provided to the project. Its performance in relation to the PCU crisis was unsatisfactory as for the other partners. The Ministry of Finance and the Office of the Controller could also have improved their performance.	4
NGO/Other		NA
Cofinancier(s)	BPCD withdrew its financing to the project causing a redistribution of resources. The PCR does not provide an explanation for withdrawal. Not rated.	NR
Combined Partner Performance	No analysis is undertaken by the PCR, and not enough information is provided for a general assessment.	NR
Rural Poverty Impact		
Physical Assets	The project achieved its objective to build or improve road and irrigation infrastructure. It improved 264.5 km of rural tracks, and up kept 251 km; it improved aqueducts for human consumption and irrigation in 34 sections, benefiting 779 families, and provided 8.8 km of electricity benefiting 52 families. Physical assets increase was not recorded quantitatively by the project, but the PCR reports that there is evidence in relation to increase in production goods and tools in particular: improved pasture, fences, farmyards, irrigation systems, fruit plantations etc.	5
Financial Assets	Of the credit provided by the project through the beneficiary organisations, the most appreciated was the credit provided to coffee producers' cooperatives and to the revolving funds created by the productive organisations and communal banks. Overall, 33 project beneficiary organisations developed revolving funds, for a total of USD 284,519. Among the reasons for satisfaction in relation to the project, beneficiaries surveyed reported increased income (of the 88% who reported that their livelihoods had improved thanks to the project: 42% said improvement derived from an improved economic situation, 34.7% to increased investment capacity and 10.3% to the establishment of a basis for future work). The productive organisations enabled an income increase for 584 associates (35 men and 227 women), corresponding to 406 families.	5
Food Security	No measurement of the food security situation was possible since no baseline had been made and no impact study was made at project completion. Nevertheless, the PCR reports that improvement in beneficiaries' food security has certainly derived from an increased agricultural production and income.	5
Environment	No measurement of the project impact on the environment was possible since no baseline had been made and no impact study was made at project completion. Nevertheless, the PCR reports that there has been an improvement thanks to the general application of the best practices promoted by the project in relation to agricultural production. Moreover, three service provider organisations developed plans for basins' environmental conservation and sustainable management, promoting conservationist agricultural and industrial practices.	5
Human Assets	According to the PCR, PRODAPEN's greatest impact was on human assets. Among the reasons for satisfaction in relation to the project, beneficiaries surveyed reported increased self-esteem and acquisition of new knowledge. This included the development of capacity in relation to planning, production, gender, administration, environmental protection. The project recorded an overall improvement in beneficiaries' livelihoods, as reported by 88% of those surveyed at project completion.	5

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Social Capital and Empowerment	The creation of social capital was ensured through the implementation modality of the project that established some steps (capacity building, sensitisation to project objectives, planning etc.) before an organisation could access project funds. Progress made by the organisations was closely monitored to evaluate capabilities and suitability to progress to the following step. When the project considered that the organisations were ready to implement their business plans, they signed a joint-implementation contract with PRODAPEN and MoA, which established their rights and responsibilities. As the contracts were signed, the organisations were then empowered to implement their business plan in their area of expertise: services, production, financing. PRODAPEN held meetings periodically to follow-up on project implementation, with all stakeholders participating. Throughout project implementation, PRODAPEN subscribed joint-implementation contracts with 49 organisations, with an average of USD 30,295 each. Beneficiaries surveyed considered capacity building as the major factor contributing to organisational change.	5
Ag. Productivity	The project did not keep record of the agricultural and livestock increase that resulted from the project. Nevertheless, through the survey, the focal points and the evaluations of the beneficiary organisations indicate that there were production increases, evenly distributed among agricultural and livestock producers, fishers and wage-workers	4
Institutions and Services	The project itself provided various services to beneficiary organisations as part of its implementation strategy: capacity building, technical assistance, legal and accounting services, inputs, equipment and tools provision, credit, certification of quality processes, marketing, agro-industry, irrigation infrastructure, improved roads, aqueducts for community water consumption. 98,8% of beneficiaries surveyed at the end of the project reported to have received more than one of these services (capacity building, input, equipment and tools, legal and accounting services and technical assistance in particular). Between 90 and 98% of those surveyed responded that the quality of these services was good. Nevertheless, the technical assistance was not frequent enough, which undermined the management of productive activities. PRODAPEN achieved its target to promote three Regional Development Plans, for coffee growing, livestock and fruits and vegetables. Increased services became available also thanks to the revolving funds created and the increased capacity of beneficiary organisations.	5
Markets	The marketing services provided by the project were unsatisfactory, and they did not manage to satisfy the demand and needs of beneficiaries. The project also failed to create the necessary linkages between producers' organisations and agro-commercial value chains, in spite of the fact that this was foreseen at design. The project lacked a marketing and agro-industrial development expert and therefore provided almost no training on these issues. The major contribution of the project to market access was the improvement or up keeping of 515km of rural tracks. 8 coffee growers' organisations increased their access to markets thanks to the increased quality of the final product and the achievement of the quality certification thanks to project support.	4
Rural Poverty Impact		5
Overarching Factors		
Innovation	According to the PCR, PRODAPEN was an innovative project in the Costa Rican context, as no other project had used its implementation strategy before. The development of a system for the evaluation and rating of beneficiary organisations was also innovative, and not only for Costa Rica. The joint-implementation contracts, that enabled the decentralisation of decision making, were also innovative, as was the transferring of funds to the organisations so that they provided services to their members. The capitalisation of the funds received from the project for the creation of the revolving funds was also an innovative solution to the problem of rural families' access to funding. Complementarily, the organisational strengthening and capitalisation enabled the organisations to become beneficiaries of credit funds from the formal credit system. Finally, the creation of a PCU that was decentralised from the MAG was an innovative way to facilitate decision making.	6
Replicability and Scaling-up	The PCR considers that the replications introduced by the project can and should be replicated in other projects in Costa Rica or in LAC once adjusted to the specific context. It does not report on any instances though where this is taking place or will take place in the future.	2
Innovation, Replicability and Scaling-up		4
Sustainability and Ownership	The creation of social and human capital promoted by the project is an encouraging element of project sustainability. Thanks to this, at project completion 36 productive organisations (PO), 18 community banks (CB), 11 service providers (SP) and 2 financial intermediaries (FI) could continue developing their business development	4

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	plans. The POs and CBs, besides having consolidated their organisation and management, can count on revolving funds and other sources of funding to continue operating. Still, 15 productive organisations (44%) still need some strengthening; among these are those that were supported by the project for a short period of time. SPs and FIs need further strengthening. The PCR considers the incorporation of women into POs and CBs management and administration as a key element for their sustainability. The incorporation of good environmental practices as crosscutting issue for productive projects is also expected to enhance sustainability.	
Targeting	The project focused on 5 "cantones" in the Guanacaste province, in the north-west of the country, one of the poorest regions in the country. The project did not target single families, but their organisations, which then provided services to IFAD's target group.	4
Gender	The project benefited 681 women. It promoted gender equity through sensitisation and capacity building, before and after the execution of the organisations' business plans, to ensure that they included a gender perspective. These activities had excellent results for productive organisation and community banks, which saw women incorporated in productive activities and the management structure of the organisations. As regards service provider organisations, there were no quantitative changes in relation to gender representation but greater participation of women in the follow up of family business was recorded.	5
Overall Performance		5
Estimated number of beneficiaries	Total: 3,287; Direct: 2,510; Indirect: 1,277; Women: 681.	
PCR Quality		
Scope	The PCR contains all the expected information.	5
Quality	The quality was also good. The information was both quantitative and qualitative and easy to find. This facilitated assessment.	5
Lessons	The lessons are driven through a brief summary of project successful strategies. Relevant and sufficiently clear.	4