

Honduras: Rural development Project in the South-Western Region

Item	Assessment Remarks	Rating
Country & Project Name	Honduras - Rural development project in the South-Western region (PROSOC)	
Loan Number	497-HN	
ID Number	1087	
Board Date	December 1998	
Effectiveness Date	June 1999	
Original Closing Date	June 2005	
Final Closing Date	June 2005	
Total Project Cost USD(M)	USD 22,5 M	
IFAD loan USD (M)	USD 19,3 M	
Cofinanciers (if any)	GOH and beneficiaries USD 3,2 M	
Implementing Agency	Ministry of Agriculture and Livestock.	
Principal Components	As per the Logical Framework the project objective was creating and strengthening a rural development services market, in order to improve beneficiaries families' ability to take decisions and to enable them to request support for production, organisation, planning, management and finance. Components: a) Community development; b) Investments and services; c) Community financial services.	
Project Performance		
Design	Baseline data were of fundamental importance in project design, and helped the project to identify the target group, in a participatory manner with the communities, local governments and the poorest. The project developed a specific strategy to address the specific need of every target group category. The project had a strong gender approach. Moreover, it applied an "on demand" approach to implementation, and provided services through contractors hired jointly by the project and project beneficiaries. PROSOC took advantage of IFAD previous experience and lessons in the country.	5
Implementation	The project was modified on various aspects throughout project implementation, although its objectives remained unchanged. Changes are due to improvements to design that were identified and to the fact that project design had been carried out before the hurricane Mitch that created new priorities to the country. Some changes are as follows: i) the "farmer to farmer" system proposed at appraisal, based on "innovative connecting farmers" (productores-enlace innovadores) was substituted by a system based on innovative productive families (FAPRIN), therefore introducing a technology transfer "family to family"; ii) in 2003 the amount assigned for the credit subcomponent was reduced to UAD 1 million; iii) also starting in 2003, the project abandoned the component approach to implementation and focused instead on strategic areas: food security, enterprise development, natural resources, rural finance; iv) The project started implementing irrigation systems following a request from the GOH. PROSOC had an efficient M&E system that involved all project stakeholders. Besides, the project was supported by ad hoc consultancies and IFAD Regional Programmes. The Project Management Unit performed satisfactorily. During implementation, and with support from RUTA, the project developed an exit strategy and started implementing it in 2003.	5
Relevance	PROSOC was designed within the framework of IFAD strategy in Honduras. Moreover, during implementation it adapted to the post-Mitch national reconstruction programme, and to the new institutional framework for the rural sector (PRONADERS and the national Project reduction strategy). The participatory approach to design ensured relevance to the rural poor. Geographically, PROSOC acted in the south west area of Honduras, in an area with 318,000 total population, of which 87% was rural, mostly indigenous Lenca. The target group was made of smallholders and farmers whose income is substantially lower than the estimated poverty lined.	6
Effectiveness	PROSOC exceeded the expected targets and supported 11,811 rural farmers (against an 11,500 target), organised in 503 producers' groups and 226 community management committees (CGC) in 263 communities and 39 municipalities. The project financed investments, technical assistance and capacity building for 3,500 productive micro-projects. It supported natural resources management and the rehabilitation of infrastructure post-Mitch, as well as production infrastructure. Grains production increased by 80%. 22 rural development enterprises (EDR) were strengthened, and 1,990 innovative families (FAPRIN) were trained. The project supported 1,052 (433 men and 619 women) families in 75 micro-enterprises groups, of which 38 have a sanitary license. Lastly, it supported 420 local financial intermediaries (IFL) and 3 intermediary financial institutions (IFI). The project therefore achieved all its targets and even exceeded the expected number of beneficiaries.	5

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Efficiency	The PCR does not provide enough information to assess efficiency. The information available is that at the end of the project, IFAD funding was disbursed almost 100%, the project was completed within six years as expected, and the "family to family" technology transfer system was very efficient and allowed funds saving. In spite of lack of information, considering that the project objectives were achieved in the expected time, we can affirm that the project performed efficiently.	5
Partner Performance		
IFAD	IFAD performance was satisfactory as regards project formulation, design, implementation and constant support. IFAD has closely followed the project through field visits, ad hoc experts and Regional Programmes.	5
Cooperating Institution	The Corporación Andina de Fomento (CAF) performance as CI was satisfactory. Both IFAD and the GOH have expressed this opinion on their evaluations and reports. Supervision missions were regular; CAF was collaborative and positively contributed to project implementation and loan administration, maintaining good relations with IFAD and the project.	5
Government	PMU's performance has been satisfactory, and has demonstrated how a well-designed project can be well implemented and even modified and improved by an efficient PMU and suitable support. The borrower's performance was also rather satisfactory, especially taking into account the situation Honduras was in after hurricane Mitch. The GOH participated to project design and anticipated funds for project implementation while administrative procedures were still under way for IFAD loan. The change in government did not influence the project per se, rather the project had to be modified after Mitch, as requested by the new government. Counterpart funding has been timely.	5
NGO/Other	UNDP's performance as Administrative Agency was satisfactory, and has contributed to project implementation transparency. PROSOC was supported by ad hoc consultants and IFAD Regional Programmes like RUTA, SETEDER, PREVAL, POGENERO, PROCASUR, FIDAMERICA y SERFIRURAL. These programme offered very valuable support to the project, but sometimes their assistance overlapped, creating difficulties to project management. This programme was solved through the "Concertación para Honduras" plan.	5
Cofinancier(s)	See Government.	NR
Combined Partner Performance	<i>All partners contributed towards project success, and were able to collaborate and modify the project in order to improve results.</i>	5
Rural Poverty Impact		
Physical Assets	The project financed, through non-refundable funds, the rehabilitation of infrastructure in those municipalities with higher poverty concentration and those that had been hit particularly heavily by the hurricane Mitch, for a total of 29 municipalities. 349 building and rehabilitation works have been undertaken by the project, including roads (241 km and 20 bridges), nurseries, schools (115), health centres (9), drainages, and drinking water systems were built or rehabilitated (28). The project supported the construction of irrigation systems following GOH request, although not all of them are being adequately used, in particular those that have been hurriedly set up. The project has also contributed towards the creation of family and community storage facilities. Lastly, the project developed a land titling programme that enabled 2,831 families to obtain their land titles (title holder were 76% men, 21% women, 3% the couple). The project had a strong impact on beneficiaries' physical assets at community level, and positively contributed to the post-Mitch reconstruction.	5
Financial Assets	A very significant improvement in financial assets derives from increased agricultural production, production diversification and marketing, but also from the support PROSOC offered through its micro-project and micro-enterprises approach, which results are described here. The project supported 1,052 families of 75 micro-entrepreneurial groups. It strengthened 329 local financial intermediaries (IFL) and 3 intermediary financial institutions (IFI), as well as more than 500 producers' groups for 3,500 community projects. 95 rural credit associations have formalised their participation to 5 second tier institutions that have been strengthened by PROSOC. Still, by the end of the project, this system is still weak. As regards the EDRs (empresas de desarrollo rural), in spite of initial difficulties encountered in involving beneficiaries, by 2003 these problems had been resolved and by the end of the project 70% of the total 226 CGC had been consolidated and had developed administrative, implementing and supervision capacity (124 had obtained legal status). During implementation the funds for the credit subcomponent were reduced to USD 1 million, since credit proved to be an inadequate tool for the project target group. Indeed, 11,742 families accessed credit, but 78% of the total amount borrowed was used for basic grains, and are considered irrecoverable. Land titling has provided 2,381 families with greater access to credit.	4

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Food Security	PROSOC has had significant impact on food security. It has addressed differently the difficulties faced by each human group, and while at the beginning of the project almost all 500 producers' groups beneficiaries of PROSOC faced food security problems, by the end of the project: i) 170 groups have achieved food security (level III); ii) 214 groups are in a transition face between food security and production diversification (level II); and iii) 119 groups started more advanced agribusinesses (level I). Thanks to the project, 11,811 families achieved food security.	6
Environment	PROSOC supported various interventions for natural resources management, involving beneficiaries' producers groups. It allowed the rehabilitation of basins and the introduction of natural resources management techniques in farms management. It also introduced in the target area soil conservation techniques, water and crop conservation techniques, use of organic fertilisers (with a 35% reduction on the use of chemical fertilisers for 310 producers' groups), hillside crop management, reduction of agrochemicals' use (by 15%). 15 natural resources management and rehabilitation plans have been implemented, benefiting 8,808 families in 44 communities and 12 municipalities. 1,840 ha were forested. PROSOC was able to create links with some municipalities, strengthening 12 Environmental Management Units (UMA).	5
Human Assets	By increasing food security, 11,811 families have improved their diet and health conditions. The improvement of households and a system for basic grains storage had a visible impact in the family livelihoods. For 9,890 families there has been a 30% reduction in infectious diseases frequency such as diarrhoea, and respiratory infections.	5
Soc. Cap. & Emp.	Through its various activities PROSOC significantly improved the target area's social capital and empowered the target group, through training activities ranging from production diversification to gender, management, administration and micro-enterprises. Besides the 11,811 families organised in 503 producers' groups and 263 EDR, the project trained 1,990 in production, community management, gender and micro-project implementation. It also strengthened regional producers' associations such as APROSIL, CEPROCAI, UAPROCOI, FOPAFI, UGRUMEV and UPROSURP. The FAPRIN training technique has been one of the major successes of the project. The multiplier effect as regards horizontal technology transfer (from family to family) of this approach has also been very effective and efficient. The project objective of strengthening producers' organisations to generate service demands has been fully achieved. Through the project gender activities, it brought about an increased visibility of each member of the family's contribution to household income, and therefore an increase in members' participation to decision making on the use of resources.	5
Ag. Productivity	With 3,500 productive micro-projects approved, financed and implemented by the project, and the funding of infrastructure for production (irrigation and storage), the project has contributed towards an 80% increase in basic grains production. The availability of irrigation has also enabled the cultivation of a greater variety of crops, contributing to enhancing the quality of food consumption. Over 5,000 kitchen gardens have been created and over 8,000 families have started breed small livestock. Moreover, storage facilities now allow grains conservation and availability throughout the year, with a reduction of losses of about 30%. Increase in production and productivity has reflected in financial income, which almost doubled.	5
Inst. & Serv.	PROSOC has strengthened the capacities of local and regional governments on rural development and to combat poverty. The project strengthened 22 micro-enterprises (EDR) with a total of 240 professionals. Although the EDR services system has been strengthened and has obtained good results, it remains weak. Not always the service provided responds to the actual needs. It strengthened 329 local financial intermediaries (IFL) and 3 intermediary financial institutions (IFI). By the end of the project, 156 IFLs have organised themselves in five regional, legally registered entities. FAMRINs now offer they services to their communities, in accessible terms. 226 community management committees (CGC) have been trained to formulate, manage and administrate micro enterprises. 29 Municipal Development Councils (CODEM) have been trained in citizen participation and environmental legislation. Moreover, the participatory approach of the project enabled it to strengthen all government agencies that were involved in project implementation. PROSOC was able to create links with some municipalities, strengthening 12 Environmental Management Units (UMA).	5
Markets	The marketing aspect of the project has been very important to beneficiaries' income increase. Together with increased production and project support to construction of small storage facilities, it has allowed the storing and marketing of surpluses. In 2003 PROSOC started supporting marketing plans and linkages with markets. By the end of the project, 3,600 families sell at least 10 different products through seven marketing agreements with marketing enterprises. Contacts were established also with supermarkets. The creation of processing and marketing enterprises has had an important role in increasing women and family incomes.	4

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Project Impact	<i>The project has had a substantial impact in the strengthening of social capital, through trainings of various kinds. Moreover, it has had significant impact also in gender, poverty reduction and institutional strengthening.</i>	5
Overarching Factors		
Innovation	Starting in 2003, and for the first time in Latin America, a work plan ("Concertación para Honduras") was developed in order to organise the interventions of IFAD Regional Programmes regarding PROSOC. The plan has had very positive results, and has enabled PROSOC to benefit from the programmes' expertise more efficiently.	5
Replicability and Scaling-up	Other programmes and projects (Proyecto Binacional, funded by the EU, and an FAO project) currently implemented in the project area have showed interest in starting a dialogue with the project producers' groups and Community management committees.	4
Innovation, Replicability and Scaling-up	<i>Coordination plans for IFAD Regional Programmes support to projects is an experience that could certainly be replicated with other project. The programme tools, such as FAPRIN, can also be adapted and implemented by other project.</i>	4
Sustainability and Ownership	The project achieved mixed results as regards sustainability, as it depends on the specific activities. If the agreement made with the Ministry of Agriculture and Livestock according to PROSOC's exit strategy is confirmed (in 2006), project achievements are likely to be sustainable since there will be a further support and consolidation process. As regards the single activities: i) beneficiaries' organisations have been fairly consolidated; ii) the FAPRIN system and leader's training have created "a critical mass" of human capital that favours the sustainability of achievements as regards gender, capacity building in farming and ecological techniques or administrative management; iii) the steps made in natural resources management are considered sustainable, apart from those aspects linked to the efficient use of irrigation; iv) the service provision system through EDRs is sustainable only if there is a financial source to assume costs; a positive factor is that EDRs have started to make business plans where they share the risk with the producers, although much work still needs to be done.	4
Targeting	Geographically, PROSOC acted in the south west area of Honduras, in an area with 318,000 total population, of which 87% was rural, mostly indigenous Lenca. Baseline data were used to identify the target groups that consisted of smallholders and farmers whose income is substantially lower than the estimated poverty line. The project applied an "on demand" approach to implementation, and provided services through contractors hired jointly by the project and project beneficiaries.	2
Gender	The gender strategy of the project was centred on training and sensitising on gender issues of all project actors, as well as applying a mechanism of positive discrimination. Still, the central role in the gender strategy has been played by the FAPRINs: men and women members of the FAPRINs were equally trained on the same issues. This allowed to introduce the gender concepts within the FAPRINs and, from them, within the producers' groups. Priority support was provided to women in technical assistance for handicraft, micro-enterprises, community organisation, gender and self-esteem. The improvement of households and a system for basic grains storage had a visible impact in the family livelihoods and for women in particular. Concrete results of the gender activities of the project are: i) the integration of women to social and training activities; ii) the redistribution of household activities; iii) the reduction, or even elimination, of temporary emigration by family members, as well as a decrease in problems related to alcohol abuse; iv) an increased visibility of each member of the family's contribution to household income, and therefore an increase in members' participation to decision making on the use of resources.	6
Overall Performance	By the end of the project, the achievements of the development objectives of PROSOC were substantial in relation to the improvement of beneficiaries' livelihoods, a decrease in poverty incidence, increase in food security, increase management capacity and organisational strengthening. As regards the objective of developing a market for financial and technical services, achievements are reasonable. The project has had a considerable impact on social capital strengthening, with training offered to a significant number of beneficiaries on various topics. Besides its achievements, the project has been able to adapt to the changing context circumstances, responding to the GOH's needs as well as to beneficiaries' needs, and developing new tools when necessary (as in the case of the credit component failure). Overall, project performance is High.	5
PCR Quality		
Scope	All information needed was there and well presented.	5
Quality	Descriptions and analysis are clear and coherent.	5
Lessons	Lessons are clear and are divided into operational and strategic lessons.	5