

## El Salvador: Rural Development Project for the Population in the Northeast

Item	Assessment Remarks	Rating
Country& Project Name	El Salvador: Rural Development Project for the Population in the Northeast of El Salvador (PRODERNOR)	
Loan No.:	465-SV	
Project Id.:	1069	
Board Date	04/12/1997	
Effectiveness Date	21/05/1999	
Original Closing Date	30/06/2005	
Final Closing Date	31/12/2006	
Total Project Cost USD(M)	USD 20.7 M	
IFAD loan USD (M)	USD 17.7 M	
Cofinanciers (if any)	Government of El Salvador USD 3 million	
Implementing Agency	Ministry of Agriculture and Livestock (MAG)	
Principal Components	The project's overall objective was to increase income and improve general living conditions of participating families. Project components were: - support for family income-generating activities; - rural financial services; - social and productive investments fund; - environmental management and conservation; and - project coordination.	
<b>Project Performance</b>		
Design	The PCR does not analyse project design per-se. The initial assumption that by strengthening project service providers they would continue to render services after project closure proved false. Moreover, the design did not foresee the need to formally organise project beneficiaries if the project were to have a sustainable impact, in spite of participation and working with organised groups being mentioned in the Appraisal Report. This proved to be a heavy shortcoming throughout the project. The budget as originally foreseen in the appraisal documents was accurate and there have been no significant deviations from the original estimates.	4
Implementation	The PCR reports that project management functioned well; the PMU has been efficient in project's financial management with regard to flow of funds, financial record keeping, and timely provision and quality of audit reports. However, the project resisted to address inappropriate design assumptions. The responsiveness of project management to change was relatively slow, particularly with the decision to change the intervention model and direct all actions towards sustainability of rural producers' organizations rather than individuals, although this need was identified soon in project implementation. Some tension also arose between PMU staff and members of organised Association and Cooperatives as the latter started taking over their new roles following their training and empowering process. The PCR reports that the adequacy of the project MIS (M&E??) could have been improved, although no further info is provided on how it functioned. Another important aspect is the lack of appointment of project staff dedicated to community social and productive organizations. Planning and reporting was done on a timely basis but not sufficiently participatory, leaving the M&E unit in charge of these activities rather than carrying them out as a team effort.	4
Relevance	The PCR analyses relevance in relation to the activities undertaken and their relevance to the objectives of the project, therefore, relevance in relation to national development plans or government priorities can be only guessed given the many partnerships the project established with national, departmental and local authorities. Another factor to be considered is that the project was based on a demand-driven approach through the undertaking of participatory rural appraisals, and this ensured it was relevant to the problems and needs of the target population, both men and women.	5
Effectiveness	The broad objectives of the project and results obtained are as follows (as per impact study carried out in 2004, in comparison to 2001 baseline study): i) Decrease of extreme poverty in the project area by 5%: although uneven between the two Departments where the project took place, on average by June 2006 a decrease in extreme poverty of 6.1% was recorded. ii) Decrease relative poverty in the project area by 5%: no change recorded in one department (Morazán), while a 5.4% reduction in the other (La Unión). iii) Decrease of extreme poverty among direct beneficiaries of the project by 30%: 20% of beneficiaries' households reached an income level that enabled them to overcome the extreme poverty line; iv) Increase proportion of households with concrete walls by 10%: an increase by 7% was reached; v) Increase proportion of households provided with water tubes for private consumption from 35.4 to 45%: the increase reached 58.9%. vi) Decrease the proportion of households without sanitary	4

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	services by 10%: a 5.3 was registered. Vii) Decrease population's illiteracy by 15%: a decrease of 6% in illiteracy was achieved. Overall project effectiveness was partially satisfactory.	
Efficiency	The intervention modality of providing technical assistance to individual farm families belonging to the target group as foreseen in the design was not a very efficient approach. The evolution that took place in PRODERNOR with regard to the intervention modality in that rural producers organizations were formed, trained and strengthened to provide these and other services to their members was important for both efficiency as sustainability, even though it came late in the project implementation period (2004). The Project might have been more efficient if this and other recommendations from de Cooperating Institution, UNOPS, had been implemented in a more expedite manner by the PMU. The PCR concludes that overall project efficiency can be rated as adequate, but this appears rather over optimistic.	4
<b>Partner Performance</b>		
IFAD	According to the PCR, the performance of IFAD regarding PRODERNOR is highly satisfactory in the opinion of the Borrower and the Project Team. IFAD sent missions each year to appraise project progress and recommend actions. Also, other regional programmes have contributed to the development of special human capacity building activities or methodology development. These were key actions to support the Project team in finding solutions to problems and strengthening their implementation capacity. Timeliness of IFAD financing contributions has also been adequate. Nevertheless, since IFAD was the main financier and was responsible for project design, design flaws reflect negatively on its overall performance.	4
Cooperating Institution	The Cooperating Institution, the UN Office for Project Services or UNOPS, maintained a close monitoring on the project, sending supervision and follow-up missions at least once or twice a year providing the PMU often with backing for certain decisions that had been taken and continuously (re)orienting project implementation in the direction of its objectives and sustainability. The missions included experts that provided valuable insights on project's performance and provided relevant recommendations. However, for some members of the PMU, the attitude taken by UNOPS in evaluating individual progress was too critical and did not help to improve performance but was rather felt as discouraging.	5
Government	The performance of the Borrower can be said to be satisfactory in view of its commitment to overcome difficulties and its open attitude towards, although not at the beginning, betting on the empowerment of rural organizations and relying on them to execute the project funds transferred to them for project's administration. Furthermore, the Borrower, encompassing both government and the various implementing agencies responsible for project implementation, has been in compliance with the covenants of the loan agreement and provided follow-up of the recommendations of supervision and implementation support missions.	5
NGO/Other	The many strategic alliances and the synergy of actions created between the project PMU and particularly government agencies, have greatly contributed to the project achievements.	5
Cofinancier(s)	Not applicable	NA
<b>Combined Partner Performance</b>	Partners seem to have collaborated with each other satisfactorily and in a constructive manner.	5
<b>Rural Poverty Impact</b>		
Physical Assets	PRODERNOR also implemented activities to improve and rehabilitate roads, social and productive infrastructure in the various rural communities of the project's influence area. Within road infrastructure, work was done on the restoration or improvement of rural roads of strategic importance for zones with productive potential. Social infrastructure included the construction or improvement of schools, healthcare centers, and activities that contributed to the reduction of domestic workload, such as drinking water and improved stoves projects. Productive infrastructure referred to the construction or restoration of demountable dams to use water for irrigation purposes during the dry season, irrigation channels and cattle housing. Communities were organized to set priorities, to administer the projects, and to provide follow-up and maintenance. Communities' representatives acknowledged a reduction of the time required for transportation within and towards neighbouring communities and improvement in communication and connection between communities that were previously isolated.	5
Financial Assets	The PCR provides a variety of data in relation to income increase of project beneficiaries. Overall, there is consistency among figures in relation to the positive impact of the project on individual beneficiaries and micro entrepreneurs. Within the	4

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	micro enterprise component, PRODERNOR assisted 2,025 micro-businesses creating 1,350 permanent jobs. The provision of financial services was one of the objectives of the project. In spite of changes to the original credit provision model through the creation of a "Guarantee Fund", the credit component remained small throughout project implementation. This was somehow compensated through credit provided by government agencies allied with PRODERNOR who agreed to follow PRODERNOR's targeting and regulations. Access to credit for women and men reached similar amounts, surpassing the proposal for gender equitable access to credit defined in the Appraisal Report.	
Food Security	The decrease in the number of project participants classified as extreme poor (comparing 2001 and 2004 data) reflects an increase in food security due to income increase, the application of technologies promoted by the project and to agro-productive diversification.	5
Environment	PRODERNOR has had a positive impact on environmental aspects. The environmental management and conservation component aimed at contributing to achieve a sustainable farming production in those hillside system zones generally dedicated to growing basic grains, by means of reducing soil, water and forest deterioration. In relation to this objective, the impact assessment study of 2004 showed that in general, 85% of PRODERNOR beneficiaries, owners of their farming lands, apply soil and water conservation practices as thought at the Communal Farmer Schools. Important to this aim were the incentives provided by the government (food supplies). The project had an impact also in relation to municipal environmental management, with the establishment of two Municipal Environmental Units in Morazán and the signing in 2005 of the agreement with the "Agriculture Providers Association" (APA), which enabled the implementation of a program to safely handle pesticides.	6
Human Assets	The project had a strong impact on the development of human assets of various kinds. It promoted gender equity throughout all its activities. It provided vocational training and technical assistance in agricultural production and diversification. The investment in local human capital through the formation of Communal extension workers (PEC - 530, of whom 130 are employed by the rural organizations), paraveterinarians, and inseminators who train others through 64 Communal Farmers Schools (ECAs) allowed an efficient multiplying effect and the adoption of technologies, as well as a horizontal knowledge exchange mechanism between equals. In the project area, 70.6% of the total of producers dedicated to farming activities have attended and participated in School activities. The project contributed to the alphabetisation of project participants and also other illiterate people who did not benefit from the project through agreements signed with the Ministry of Education of Morazán and La Unión for the implementation of alphabetisation cycles and the provision of school supplies. The project improved access to water through drinking water works, which among other benefits enabled increase household hygiene. It promoted visual health services (in coordination with the Foundation for Women's Development), reproductive health campaign and supported the participation of female beneficiaries in the implementation of mobile nurseries. 43 social infrastructure works were accomplished, such as building of schools, healthcare centers, communal centers, 974 improved cook stoves, drinking water projects and others, benefiting approximately 24,210 inhabitants, both men and women. Benefits generated through these social projects include increased school enrolment and the fact that boys and girls attend classes in safer environments.	5
Social Capital and Empowerment	The "Communal Schools for Farmers" and the formation of Communal Extension Workers, with their training methods and themes have had a positive impact in the creation of local human capital. This enabled them to engage in new economic activities. Moreover, during 2005 and 2006, 12 groups of producers organised in Associations or Cooperatives were empowered as they became responsible for their own economic, organisational and social aspects. The project strongly promoted gender equity throughout all its activities.	5
Ag. Productivity	While the baseline study of 2001 showed that remittances and non-agricultural sources prevailed in the conformation of the income, the 2004 assessment shows that this income structure had changed significantly. In the new structure, the income from agricultural labour reached 45%, reflecting also a decrease in the importance of remittances, from 34% in 2000 to 19% in 2004. This increase of the importance of agricultural production and labour derived from a variety of factors such as diversification of production, the adoption of new production technologies (related to animal nutrition, animal sanitation or animal genetics), and engagement in new activities (commercial poultry; beehives). At project closure, the 12 organisations created or strengthened by PRODERNOR continue providing services to producers in their area of influence.	5

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Institutions and Services	The project developed strong partnerships with many government institutions at different stages of implementation, which allowed the Project to steer counterpart funding from these entities towards the project target group. Moreover it partnered with organisations such as those responsible for supporting micro-enterprises, registration of cooperatives, alphabetisation etc. These partnerships were also change-conducive at institutional level: the project signed agreements for a pilot programme for micro-enterprises capacity building; promoted the elaboration of municipal environmental plans by the two Municipal Environmental Units that were established in Morazán also in partnership with the project; and many PRODERNOR's experiences in relation to gender were also capitalised by the Ministry of Agriculture in 2006. Another important achievement was the generation and consolidation of a financial system for loans within the formal local financial system, to serve a growing segment of poor farming families and micro-businessmen and women, who traditionally had not been attended by this sector, through the participation of two second-tier organizations and four first-tier organizations. In addition, as of the third year of the system's operation, the IFIs (Rural Credit Union of Santa Rosa de Lima and of Jocoro) have become self-sustainable through the institutional support provided by PRODERNOR for its development.	6
Markets	Commercialization initiatives with the formal market (supermarkets) and the informal market have been strengthened. The implementation of the Ferias Sabatinas de San Miguel (San Miguel's Saturday Fair/Market), through a strategic alliance of producers and San Miguel's municipal authorities, developed a commercialization channel for agricultural and micro-enterprise products that generate income and are managed by the rural organizations themselves. When PRODERNOR finalized, there existed a direct and continued commercialization by the producers of their produce of basic grains, vegetables, milk products, chicken or hen, and eggs during the fairs and local markets; nevertheless, a strong participation of intermediaries (retailers and wholesalers) for all farming products still persists.	5
<b>Rural Poverty Impact</b>		<b>5</b>
<b>Overarching Factors</b>		
Innovation	The project applied the "Cerrando brecha" (Closing the gap) methodology, which at the time had just been developed and can be considered an innovation. According to the PCR, the closure event of PRODERNOR was also an innovation which allowed the sharing of lessons and experiences among stakeholders.	4
Replicability and Scaling-up	The "Cerrando brecha" methodology, which has produced a manual based on the experience of gender equity promotion in various projects in LAC, has since then been applied to other IFAD projects in Latin America, and is still being promoted within IFAD today (a presentation seminar was held at IFAD in 2007). Moreover, according to the PCR several PRODERNOR's experiences in relation to gender have been capitalised in the policy documents presented officially by the Ministry of Agriculture in April 2006.	5
<b>Innovation, Replicability and Scaling-up</b>		<b>5</b>
Sustainability and Ownership	According to the PCR, the main element of sustainability of the project was promoting the legalization and strengthening of the rural producers' organizations, and the integration of a gender equity approach in this process. In relation to the rural producers' organisations, positive results can be observed with regard to sustainability of the provision of technical assistance services, since they continue providing services in the 33 municipalities attended by PRODERNOR. Still, at the closure of PRODERNOR, the 9 organizations with their 977 members (170 women and 798 men), have weaknesses in the areas of administration, accounting and management. They face big challenges, particularly regarding the diversification of income sources to achieve financial sustainability now that they do not longer receive the subsidy from the Project. As regards ownership, according to the PCR by the time the project had ended the members of these organisations completely owned them and felt part of them. The business groups that formed during project implementation, by the time of project closure had not yet been able to complete their legal constitution and/or link with the formal organisations referred to above. The weak consolidation of these associative groups generates doubt as to their sustainability. Other project results such as those obtained through alphabetisation, capacity building for production and technology or income diversification instead are more likely to be sustainable. This is also valid for the impact at the institutional level.	4
Targeting	Although participatory rural appraisals were undertaken to identify needs and priorities, how project beneficiaries were selected is not explained in the PCR. PRODERNOR's first action was the selection of geographic intervention areas: areas or municipalities were selected according to the presence or not of NGOs who were implementing	4

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	agriculture development projects. Initially areas where there were hardly or no NGOs were selected. In 2003 the areas were expanded to cover the 33 municipalities of the project area. All project activities had a gender approach.	
Gender	A crosscutting strategy for gender equitable access and participation regarding all services offered by the Project was foreseen at project design, and was implemented through the Gender Unit within the Project management Unit (PMU). As a result of the gender approach, female participation in the income generation services component represented 31.7%, which is a significant progress compared to the percentage at the beginning of the project when women's participation was minimal (13%). Moreover, thanks to project activities, changes occurred in the traditional scheme, with an increased participation of women in the decision-making process (35.5% of the cases in comparison to 23% in 2001 for decisions relating to productive activities) in their role as wives or partners, farmers, or business women. According to the PCR, this shows the changes in the way men value women's participation within the home and the farm, as a result of the gender actions promoted by the Project. Access to credit for women and men reached similar amounts, surpassing the proposal for gender equitable access to credit defined in the Appraisal Report.	6
<b>Overall Performance</b>		<b>5</b>
Estimated number of beneficiaries	Total: 59,985. Direct: 5,641 producers, 371 micro entrepreneurs, 1,654 micro non-farming entrepreneurs. Indirect: 52,319. Women: 33% of direct beneficiaries and 50% of indirect beneficiaries.	
<b>PCR Quality</b>		
Scope	The PCR partially followed the outline. Not all annexes available. Worth noting is that various documents were produced at the end of the Project besides the PCR, all in Spanish, which also contain important information on project performance that would have been useful to include in the main report.	4
Quality	While rich in content, the report is often repetitive and does not allow a clear identification of who benefited of what for example. Moreover, it often appears over-positive and biased towards the project in general and IFAD in particular.	4
Lessons	The lessons driven are rather superficial and do not do justice to project achievements as per PCR.	3