

ECUADOR COUNTRY PROGRAMME EVALUATION

Challenges and opportunities in an evolving country context

The Ecuador Country Programme faced many challenges arising from the country's economic, financial, institutional and political crises in the late 1990s and early 2000s, and the institutional changes following the adoption of the new constitution in 2008. Despite these challenges, the 2013 Country Programme Evaluation (CPE) concluded that the partnership between IFAD and the Government of Ecuador from 1997-2012 produced positive results in terms of rural development and poverty reduction, even though they were limited in scope. These results can be observed in areas such as small-scale investments in social and productive development for poor rural people, the legalization of landholdings, and the creation of credit unions in which poor rural women are active participants.

IFAD accepted the challenge of responding and adjusting to Ecuador needs and priorities during the crisis period. For example, it agreed to design, implement and supervise a rural finance component within a large project (Indigenous and Afro-Ecuadorian Peoples' Development Project) during a period of financial fragility in the country at the end of the 1990s when no other international financial institution risked operating in the sector. IFAD responded to this volatile environment by organizing more frequent supervision missions and redesigning the component. Positive results were eventually achieved in terms of support for rural savings and credit cooperatives combined with good results in support for micro-credit, in which poor rural women were active participants.

With the agreement of the Government, IFAD subsequently designed two projects under the country strategic opportunities paper (COSOP) in 2004, a year marked by institutional instability and high staff turnover in public authorities that was to continue until 2009. The two projects – the Development of the Central Corridor Project, and the Ibarra-San Lorenzo Corridor Territorial Development Project – had to adjust to changes in their respective implementing agencies in the midst of the institutional reforms that followed the adoption of the new constitution in 2008. Once more, IFAD adapted to these changes by redesigning the projects, amending loan contracts, increasing supervision missions and establishing a

permanent liaison officer in Quito. These challenges resulted in high administrative costs and substantially reduced the impact of operations.



Some productive activities supported by the Development of the Central Corridor Project also contribute to sustainable natural resource management. Both the fish farming and the production of brown sugar help reduce the human pressure on the forest environment.

©IFAD/Luis Ramírez

Positive prospects of collaboration, following promulgation of the 2008 constitution

The 2008 constitution led to a profound transformation in the country's institutional and political framework in favour of poor people, especially rural poor people. Since 2009, a period of institutional stability has resulted in important changes, most notably an increase in public investment in productive and social activities; the outcomes are becoming clear, especially the positive impact on poverty reduction and economic stability.

The evolution of the political and institutional context in a pro-poor direction has paved the way for a more fruitful partnership with IFAD, in particular through the country's continued improvement in economic growth and the Government's current emphasis on rural development, smallholder farming and environmental conservation (all of them narrowly aligned with IFAD's mission). The improved economic context offers an opportunity to make significant progress in reducing rural poverty in Ecuador, which is benefiting from a favourable macro-economic and fiscal environment.

The Fund's continued support to the country and its flexibility in the administration of its country programme have helped establish IFAD's reputation as a flexible United Nations organization and a trusted partner in combating rural poverty. IFAD has responded to the changes in the country by ensuring close alignment with and support to the National Development Plan Buen Vivir (PNBV), expanding its portfolio of projects (from US\$15 million in 2007 to US\$64 million in 2012) and strengthening its country presence by out-posting of the country programme manager to IFAD's sub-regional office in Lima.

The Government, for its part, renewed its commitment to the partnership by significantly increasing its contribution to the latest replenishment of IFAD's resources in 2011. It also increased its cofinancing for the latest programme approved, the Buen Vivir in Rural Territories Programme. Cooperation in the form of non-lending activities (i.e., policy dialogue, partnership-building and knowledge management) has also improved. Such activities are crucial in Ecuador, since it is classified as an upper middle-income country and financial support is therefore becoming viewed as somewhat less important.

Notwithstanding recent improvements in the performance of the IFAD-supported country programme, several weaknesses persist, including a weak strategic cooperation framework, poor monitoring and evaluation, and a fragile institutional positioning of IFAD in the country for both negotiating and implementing a successful programme.



Cabbage growing inside an organic greenhouse in La Tranca.

©IFAD/Susan Beccio

Main lessons: flexibility and perseverance

Despite major implementation difficulties in an environment of complex changes, IFAD's flexibility and its perseverance in supporting poverty reduction in Ecuador have contributed to:

- Positive policy dialogue on rural and territorial development; and
- A rapid expansion in the portfolio of projects supporting government poverty reduction programmes in a context of positive economic and social change.

Further information:

Republic of Ecuador, Country Programme Evaluation, Report No. 3378-EC, June 2014, ISBN 978-92-9072-474-2, Independent Office of Evaluation of IFAD, Via Paolo di Dono, 44, 00142, Rome, Italy. The full report, Profile and Insights are available online at: www.ifad.org/evaluation; email: evaluation@ifad.org.