

## Guatemala: Programme for Rural Development and Reconstruction in the Quiche' Department

Item	Assessment Remarks	Rating
<b>Country &amp; Project Name</b>	<b>Guatemala: Programme for Rural Development and Reconstruction in the Quiche' Department (PRODERQUI)</b>	
Loan No.	435-GT	
Project Id.	1008	
Board Date	4th December 1996	
Effectiveness Date	18th December 1998	
Original Closing Date	31st December 2004	
Final Closing Date	31st December 2007	
Total Project Cost USD(M)	19	
IFAD loan USD (M)	15	
Cofinanciers (if any)	--	
Implementing Agency	National Peace Fund (FONAPAZ)	
Principal Components	The general objectives of the programme were to: help improve food security; increase income and improve the living conditions of the target group; rebuild the social fabric; and contribute to the consolidation of the peace process in the area. The programme's investments and services were channelled through three components: (a) Productive investments, including irrigation infrastructure, marketing and microenterprises, training and technical assistance, and financial services; (b) Socio-communal investments, including promotion and strengthening of organizations, and support to local initiatives; and (c) Environmental investments, including agroforestry, soil conservation and rural roads.	
<b>Project Performance</b>		
Design	Judging from the performance of the project and its relevance to people's needs (as expressed by them) it can be inferred that the design of the project was satisfactory.	5
Implementation	The project had some serious difficulties at the beginning due to the changes in Government. There was no agreement on who should make up the project implementation unit (PIU). It is only in 2003 that some parts of the PIU were fully staffed and could start working fully (this explains the 3 years extension). Another problem was the different vision in terms of implementation strategies between FONAPAZ- that followed a more top-down approach- and the designed approach that is more flexible as it responds to people's needs. The project was revised in 2005 and this difference in modalities resolved. Apart from these mishaps, project implementation was quite good as is manifest from the results of the project itself.	4
Relevance	According to the PCR the project was relevant insofar as the target group and the target areas were both well identified: they both comprised the poorest populations. This is in line with the national Peace Accords and IFAD's country intervention strategy. Also, the promoted components and activities all responded to the developmental constraints of the target groups as well as to their demands. This is confirmed by an opinion survey carried out with the beneficiaries who felt very satisfied with the project.	5
Effectiveness	The project ended up spending 77% of the original programme cost estimates, probably because of the various delays in its implementation. Some of the components were completed effectively: the irrigation sub-component for example was very effective with 39 irrigation schemes built/rehabilitated out of the expected 40. The project also built a series of constructions useful for marketing such as post-production silos and input supply stores. Training for agricultural and horticultural producers as well as technical assistance for producers' associations were also successful as was the distribution of improved stoves. The credit component however was less successful in terms of disbursed funds due to delayed implementation. The same can be said of the rural roads and soil conservation components.	4
Efficiency	The PCR does not calculate an internal rate of return (IRR) or an economic rate of return (ERR). In terms of investment per beneficiary it is efficient as the cost per family is lower than that of other projects in the region. In terms of delivery costs however, this is not the case. The PMU ended up being more costly than expected due to the 2 project extensions and this has led to an increase in the cost of delivering the project services: USD 0.48 for every USD that was effectively delivered to the beneficiaries.	4
<b>Partner Performance</b>		
IFAD	IFAD's performance has been very good. The IFAD country programme manager has been very active and has maintained constant communication with the project, supervising directly at field level the progress being made and meeting the diverse stakeholders, including the beneficiaries and leaders of their organizations. This approach permitted the timely provision of the required support, linking the	5

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	programme's field needs with government processes and solutions at the highest level. In addition, the CPM's support was exerted within IFAD, reviewing and making key observations to the programme's annual operational plans and budgets, following up on disbursement matters, and pursuing the approval of three amendments to the loan agreement.	
Cooperating Institution	UNOPS' (UN Office for Project Services) performance is considered by the PCR as satisfactory. Reasons for this positive evaluation include the fact of its undertaking eleven field supervision missions, activity that facilitated the provision of key technical assistance by the Projects Officer and consultants, as required. In addition, loan administration was properly carried out while replenishment of the programme's account was realized within reasonable periods of time.	5
Government	FONAPAZ's performance was mixed. On the one hand it closely followed-up project implementation, ensured regular field missions and participated in the follow-up and supervision missions undertaken by IFAD and UNOPS. It also followed-up with GOG on the country's counterpart fund contributions; helped with the supervision of the projects' execution and with its financial audit. On the other hand however its performance suffered from the changes in government administration and from an initially top-down vision of project implementation that was later revised.	4
NGO/Other		NA
Cofinancier(s)		NA
<b>Combined Partner Performance</b>	<b>Overall partner performance has been satisfactory. Details on their interactions have not been provided.</b>	5
<b>Rural Poverty Impact</b>		
Physical Assets	The project had an impact in terms of increasing people's ownership and access to assets. Households gained access to irrigated land (average of 0.35 ha), cooking stoves, potable water and improved housing. At community level they increased their access to transport through the construction of rural roads. The beneficiary organizations increased their access to irrigation systems, processing and packaging facilities, storage facilities and input supply stores.	5
Financial Assets	The PCR rates the project's impact on the creation of financial assets as satisfactory, primarily as a result of the establishment of a specific trust fund in BANRURAL (an agricultural development bank), which is being operated by two second-tier financial institutions and nine micro financial intermediaries. The net patrimony of the trust fund is USD 1.12 million, while BANRURAL and one of the second-tier intermediaries are contributing with some of their own resources. In addition, the 52 revolving funds that were created within the base organizations counted with capital of the order of USD 87,200 with 2,320 participants (32% women). A performance evaluation of 19 funds has permitted to prove that this capital has been increased by 75%, and the beneficiary participation by 9%. Unfortunately due to the late implementation, the coverage was lower than expected.	4
Food Security	The PCR does not give much information on this topic. There is evidence that food security may have improved somewhat due to an increase in horticulture and crop diversification. The increase in employment and the increase in income for some families may have also led to greater access to food. There is no information on the nutritional status of children.	4
Environment	In spite of its limited implementation, the impact of the project on the conservation of the natural environment and the rational management of natural resources has been relatively good. This can be demonstrated by: (i) the adoption of improved soil conservation practices on the part of some farmers; (ii) the increase of agroforestry coverage (186 ha), especially when taking into account the food production needs and land constraints faced by the beneficiaries in the programme area; and (iii) the strengthening that was achieved of the municipal forestry offices, which guarantees continuity of actions and their expected increased impact.	4
Human Assets	The development of human resources represented a very satisfactory impact of PRODERQUI, reaching the diverse types of programme beneficiaries: (i) the leaders of beneficiary organizations and the successful producers, which received training directly from the programme, having accomplished the graduation of 221 promoters of diverse specialties. These technicians continue offering their services through the local organizations; (ii) the direct beneficiaries, who learned relevant production, commercialization, soil conservation and agroforestry practices. The impact is evidenced by the overall productive and commercial improvements in the regional economy; and (iii) the coordinators and promoters of the municipal gender offices.	5
Soc. Cap. & Emp.	The impact of the project on the social capital and empowerment of the grassroots organizations has been good. This is demonstrated by the good quality of social organization achieved, particularly when compared with the situation that existed before the project. Worth mentioning is the participation of communities in the	5

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	implementation of socio-communal projects, the coexecution of training and technical assistance activities, the commercial orientation of productive organizations (agricultural and non-agricultural), and the strengthening of first-tier micro financial intermediaries.	
Ag. Productivity	The PCR is not too clear on this topic and does not provide much quantitative information. There is evidence that some horticultural producer organization were able to increase productivity substantially, but there is no information on the increase of production of subsistence farmers.	4
Inst. & Serv.	The impact in this domain is considered by the PCR as satisfactory as it accomplished institutionalizing various key services initiated by the project. These services comprise: (i) training and technical assistance, which was transferred to the grassroots organizations; (ii) marketing, which was taken over by nine productive organizations, some of which offer their technical services to their members and to neighbouring communities; and (iii) the gender and environmental conservation approaches, which were adopted by five municipalities in the programme area, having established gender and women offices in addition to forestry management offices. These offices are equipped with their own personnel and equipment. Another significant impact of PRODERQUI consists of its establishing the trust of the rural population on the State and its sectoral institutions. This is the starting point for the effective reincorporation of the population that was affected by the armed conflict, into an active civil society, thus contributing directly to the reconstruction of the communal social fabric.	5
Markets	9 producer organizations were successfully connected to the market, both national and international. The improved road system may well have contributed to this. The PCR does not give details of sales.	4
<b>Project Impact</b>	<b><i>The project's greatest impact has been on people's social and human capital. In this respect it has managed to reach one of its objectives, namely of investing in the socio- communal aspect of people's lives. However, this has not been so easily translated into productive impacts, at least not for most farmers.</i></b>	<b>4</b>
<b>Overarching Factors</b>		
Innovation	The PRODERQUI's innovative elements for Guatemala were the successful connection of the base organizations to the markets, the establishment of revolving funds, the participation of the municipalities in the promotion of the gender and environmental management approaches, and the expansion of forested lands through targeted subsidies which were adapted to the specific socioeconomic and legal conditions of the programmes' beneficiaries.	5
Replicability and Scaling-up	Aspects that are most replicable are those related to the revolving funds and to the participation of local governments in the promotion of the gender and environmental perspective in their own areas of work. This has not - however - occurred yet.	3
<b><i>Innovation, Replicability and Scaling-up</i></b>		<b>3</b>
Sustainability and Ownership	The project has been very good at building the social sustainability and ownership of producers' associations by ensuring their direct involvement in programme implementation. This occurred by placing all the responsibility for administering funds and implementing activities in the hands of beneficiaries' organizations. It includes their direct involvement in the procurement of equipment and inputs and the contracting of their own technical assistance support. Also, the professionalization of grassroots organizations and peasant promoters, are the key elements for the technical sustainability of the social and economic development processes initiated under PRODERQUI. These technical services are economically sustainable in three organizations which are charging for their services. The financial sustainability is still uncertain but potential.	4
Targeting	This aspect is not looked into in the PCR. It does not seem to have received much attention in implementation, although the PSR rates it quite well- possibly because the area on the whole is quite poor. There is evidence that the producer associations that fared better (managed to market their produce) are those that were led by the better off farmers, but these associations also included poorer farmers.	4
Gender	The project defined a gender strategy and part of its target group was indeed made up of women headed households. In spite of this, the project did not focus much on this topic, except for organizing trainings for the local government offices responsible for gender. The PCR does not tell us how many women headed households were reached. It tells us that about 20-30% of grassroots organizations were made up of women but that they never had decision-making roles. About 30% of participants to the revolving funds were women.	4

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<b>Overall Performance</b>	<i>In spite of the initial delays and difficulties with FONAPAZ, the project ended up faring quite well. It managed to put in place almost all the activities it had planned to develop, although not all were as successful as initially expected. Amongst the most successful were the socio-communal activities and those related to the strengthening of local and municipal institutions. It is also worth mentioning the project's contribution in increasing the sense of trust of the indigenous people vis-à-vis the Government.</i>	<u>4</u>
Estimated number of beneficiaries	17 899 families (of which 42% were women headed households), out of the expected 40 000 families.	
<b>PCR Quality</b>		
Scope	The PCR covers all the area mentioned in the PCR template. It does not however have an Annex on Physical Progress, or on Financial and Economic Analysis.	5
Quality	The quality of the report is good, although quantitative data is missing and conclusions are reached based simply on observations or on very small samples.	4
Lessons	The lessons are clearly drawn and relevant, but more details would have been useful.	4