



1. Project Data:		Date Posted : 06/24/2003	
PROJ ID: P040086		Appraisal	Actual
Project Name: Indigenous And Afro-ecuadorian Peoples Development Project	Project Costs (US\$M)	50.0	32.3
Country: Ecuador	Loan/Credit (US\$M)	25.0	22.2
Sector(s): Board: SDV - Other social services (30%), Central government administration (26%), General agriculture fishing and forestry sector (24%), General water sanitation and flood protection sec (20%)	Cofinancing (US\$M)	15.0	8.1
L/C Number: L4277; LP269			
	Board Approval (FY)		98
Partners involved : IFAD	Closing Date	09/30/2002	12/31/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
John English	Roy Gilbert	Alain A. Barbu	OEDST

2. Project Objectives and Components

a. Objectives

The objective of the project was to improve the quality of life of poor rural indigenous and Afro -Ecuadorian communities by improving access to land resources and financing for investment subprojects that are planned, and in most cases implemented, by local membership organizations and communities, in accordance with existing cultural values, vision of development, and capacity for self management .

b. Components

The activities of the project were divided into four primary components :

Institutional Strengthening of Local Membership Organizations and Communities : (US\$ 8.1 million - 17 percent of project cost). To strengthen second and third tier indigenous and Afro -Ecuadorian membership organizations in the following areas: (a) subproject participatory planning, preparation, implementation, and maintenance; (b) financial management and administration; (c) cultural patrimony; and (d) human resources development, including basic legal training .

Support to the Regularization of Land and Water Rights : (US\$ 5.5 million - 11 percent of costs). This component included: (a) titling and regularization of land tenure rights in selected productive, forestry and protected areas; (b) land purchase (financed by IFAD and Government of Ecuador (GOE)); (c) diagnosis and elaboration of an action plan for community-owned irrigation systems; and (d) support to a program of selected legal reforms .

Rural Investments : (US\$26.7 million - 53 percent of costs). This funding was to finance demand driven, small-scale investments, or subprojects, including : (a) natural resources management, (b) community-based economic infrastructure; (c) social infrastructure, (d) training; (e) technical assistance, including pre-investment studies; (f) economic projects; and (g) micro-enterprises. Financing of sub-projects (a) - (e) would be on a grant basis matched by community labor and municipal funds . Financing of subprojects (f) - (g) would be through a savings and credit program (financed by IFAD).

Institutional Strengthening of the National Council for Indigenous and Afro -Ecuadorian Development (CONPLADE-IN): (US\$9.7 million - 19 percent of costs). CONPLADE-IN was to be strengthened in a number of areas: (a) financial management and administration; (b) assistance to elaborate a program of selected legal reforms and a national plan for indigenous and Afro -Ecuadorian development; and (c) establishment of a Project Implementation Unit and offices in up to seven regions of the country . The project would finance technical assistance, training of CONPLADE -IN staff, goods and equipment, and incremental operating costs on a declining scale.

CONPLADE-IN was created in 1997. During implementation it was replaced by the Development Council of the Nationalities and Peoples of Ecuador (CODENPE) that was designed to include the changes adopted in the new

constitution regarding the definition and rights of nationalities .

c. Comments on Project Cost, Financing and Dates

The ICR was prepared in mid-2002, six months before project closing, in order to provide input for the follow -on project. At that point, US\$32.3 million of a projected US\$50 million had been spent, and US\$22.3 million of the Bank loan had been disbursed. Closing was extended by three months .

3. Achievement of Relevant Objectives:

The project implementation period has been a time of considerable economic, social and political upheaval in Ecuador. Despite this background, the ICR reports that the project was able to improve the quality of life of many poor rural indigenous and Afro-Ecuadorian communities, or it helped to diminish the negative impact of the economic crisis on them. However, the ICR does not report on the poverty reduction aspects of the project's objectives and whether the project was able to reduce the relative poverty of the beneficiary indigenous groups, as intended .

4. Significant Outcomes/Impacts:

Institutional Strengthening . The project initiated a range of support and training programs for indigenous and Afro-Ecuadorian organizations and individuals . In most cases the performance by completion exceeded appraisal targets. To measure the impact of institutional strengthening activities on the target indigenous organizations, a study was undertaken in April, 2002, to compare evaluated institutional capacity at that time with the results of an initial survey in 1998. The study analyzed five indicators; human resources, managerial capacity, cooperation and conflict resolution, organizational culture, and links or external relations with the community, other indigenous organizations, local governments and NGOs . The ICR reports that the organizations demonstrated the most capacity in cooperation and conflict resolution, followed by managerial capacity and organizational culture, but does not report the results in relation to these five indicators in specific terms .

Land and Water Rights . The project achieved its program of legal reforms for land titling . It supported the preparation of a draft bill for the Special Law for the Conservation and Sustainable Use of Biodiversity in Ecuador . This will allow for the adjudication and titling of ancestral possession lands located in restricted or protected areas . The project also helped develop regulations for the approval of integrated management plans and to codify procedures for titling ancestral lands and the preparation of socio -historic ancestral studies required . On completion, the project will have supported the preparation of 71 management plans, 77% more than projected.

Rural Investments . Six months before closing, the project had provided grants for 654 rural investment sub-projects (82% of the appraisal target). So far, 518 (79%) sub-projects have been completed. Almost 63,000 families are estimated to have benefitted, 57% above the appraisal estimate. The productive sub-projects are estimated to have an ERR of 33%.

Support to CONPLADEIN /CODENPE. The project supported both organizations to enable GOE to better formulate and execute policies and programs directed to the indigenous and Afro -Ecuadorian population. The component's support for a program of legal reforms was modified during implementation to accommodate the constitutional reform. Most of the originally planned outputs were achieved : (a) the Nationalities and Pueblos Law, which was presented to Congress for approval; (b) a law recognizing traditional health systems; and (c) several laws protecting indigenous cultures. In addition the component also supported preparation of laws and regulations concerning childhood and adolescence, judicial administration, bilingual education, and public participation .

5. Significant Shortcomings (including non-compliance with safeguard policies):

The ICR does not note any significant shortcomings in implementation . However, it does indicate a number of shortfalls.

Land and water rights . Progress on improving group access to water resources was rather limited . The project supported the preparation of an action plan to improve community -owned irrigation systems and planning studies . But only half of the anticipated 80 studies were completed. While considerable progress was made on access to land resources, this did not apply to rights within reserved areas, where no progress was made because of the time required to amend the Forestry Law.

Rural investments . The major shortcoming in implementation noted by the ICR is the major shortfall in operation of the Rural Financial Services Program, financed 100% by IFAD. This program was stalled by the country's banking crisis in 1998 and its activities were delayed for almost three years . The program is ongoing and is scheduled to close in 2004. The ICR does not report on the component .

As noted, the ICR does not discuss achievement of the poverty reduction objectives . In the circumstances, with political and economic turmoil in the country during the implementation period, it would be expected that progress on this front might be limited. Nevertheless, discussion of this issue would have been useful .

A major concern at completion is that, while GOE has accorded the effort high priority, the present economic crisis makes continued financial support uncertain, at least at a level to ensure continued operation at the level of activity achieved during the project. A follow-on project is planned but not yet agreed.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

A project design that emphasizes decentralized implementation is crucial for successfully dealing with ethnic and cultural diversity of beneficiaries. In such instances, design cannot rely on "one size fits all" methodologies, but procedures should be tailored to different cultures, types of organizations, and settings.

An ethnic vision of development, that builds on the positive qualities of indigenous cultures (including a sense of ethnic identity) to mobilize labor and capital, can be an effective vehicle for promoting local employment and growth.

Participation and social capital do not guarantee the absence of discrimination; for example, when administering scholarship programs, care must be taken to design checks and balances in the selection process to reduce favoritism and co-opting by elites; also, the social mechanisms of reciprocity do not extend easily into the management of enterprises.

8. Assessment Recommended? Yes No

Why? Project is an innovative attempt to improve the lot of indigenous and other marginalized groups. The PAD and the ICR follow standard approaches to laying out objectives and assessing them but, as noted below, it is difficult to come to a conclusion on this basis. In view of the plans for a follow on project a more detailed review of these issues would be timely.

Also, OED is initiating a review of experience in CDD type projects and a review of this assessment would provide valuable input for this study, particularly in the area of performance assessment of these wide -ranging, soft projects.

9. Comments on Quality of ICR:

The ICR is of generally satisfactory, but does suffer from some shortcomings and gaps in coverage that, in part, reflect shortcomings in the appraisal document:

The project objective, as stated, is very general and its achievement cannot be directly assessed. The ICR, in Annex 1, lists the achievement of a large number of performance indicators. However, these are laid out differently from those in Annex 1 of the appraisal document and, therefore, it is difficult to assess whether the original intentions were fulfilled. In reviewing the ICR it is, therefore, difficult to see the wood for the trees.

More specifically, the project is primarily directed at improving the relative position of some of the poorest groups in the country. The appraisal document provides two indicators for this objective: "reduce percentage of target population below poverty line by 2 percent per year"; and "reduce NBI deficit of target population by 5 points". However, the ICR does not report on either of these two indicators.

The ICR also reports on a study of progress in institutional development, focussing on five indicators, but does not provide any of the details of these findings.