



1. Project Data :	
OEDID:	L2883
Project ID:	P006442
Project Name:	Itaparica Resettlement and Irrigation Project
Country:	Brazil
Sector:	Irrigation & Drainage
L/C Number:	L2883-BR and L2883-1-BR
Partners involved :	
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Date Posted:	05/19/1999

2. Project Objectives, Financing, Costs and Components :
Approved: October 1987; Effective: December 1987; Closed: (6 months behind schedule) December 1994
Supplemental Loan Closed 12/31/97. The objective of the project was to maintain and, if possible, improve the living standards of about 45,000 people displaced by the Itaparica reservoir (created by a dam which was not financed by the Bank). Main components were: (i) rural resettlement involving resettlement of 126 agrovilas to 5 major irrigation projects plus supporting infrastructure; (ii) urban resettlement involving relocation of 4 towns; (iii) fisheries research and monitoring of the biological potential of the reservoir. Total Project Costs were US\$738.8 million. IBRD financed US\$232.0 million.

3. Achievement of Relevant Objectives :
 The objectives stated in the Staff Appraisal Report were relevant. Overall the outcome is rated as unsatisfactory but it was also very mixed. Stage I, the actual relocation of the rural and urban populations and provision of services, was effective and efficient. However Stage II, the stage that was to provide the productive irrigation works, was unsatisfactory with only a 69% achievement of the target after a long delay of 11 years. Stage III, which was to provide the agriculture support, also failed due to the long delays in completing the irrigation system and weak provision of support services. Overall efficiency was very low due to large cost overruns. The ERR, to the extent that it is relevant in a compensation situation, was negative. Thus, while the initial relocation was successfully achieved, it did not achieve sustainability of income creation and therefore cannot be said to have been effective. Furthermore, the achievements, at extremely high cost, were inefficient. Resettler's water costs will probably have to be subsidized on a permanent basis.

4. Significant Achievements :
 Significant achievements included: (i) Bank commitment to take on the challenge of a difficult relocation exercise at a late stage in implementation for beneficiaries who were being displaced by a dam not financed by the Bank; (ii) effective relocation in Stage I; (iii) significant improvement in living conditions of the affected population, but largely through welfare payments.

5. Significant Shortcomings :
 Significant shortcomings included: (i) the failure at preparation to adequately analyse the technical, social and economic aspects of the irrigation component on which income sustainability depends; (ii) the lack of counterpart funds that accompanied the fiscal and economic deterioration during the period of the project; (iii) the failure to adequately review the alternative income-generating options to land-for-land; (iv) delays of 11 years or more in developing irrigated plots which contributed to very large cost overruns. But note the comments below on Bank performance which accept that the Bank had limited freedom of movement at the design stage.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Not Applicable	Not Rated	

Sustainability :	Uncertain	Uncertain	
Bank Performance :	Satisfactory	Unsatisfactory	Quality at entry was clearly deficient in the critical area of irrigation planning . While this project represents an unusual situation (the Bank commendably agreed to pick up a challenging resettlement problem not of its own making based on an already negotiated deal) nevertheless there was very weak irrigation design and lack of realism about implementation schedules and costs when experience on such issues already existed . Our assessment is that, even accepting the given project parameters, the design was amenable to more change than was attempted. Thereafter, supervision was intensive but was unable to compensate for poor initial design.
Borrower Perf .:	Deficient	Unsatisfactory	
Quality of ICR :		Exemplary	

7. Lessons of Broad Applicability :

(i) under some circumstances land for land, or land for the landless, and associated rules preventing land sale, may not be in the interests of a substantial portion of the target population; alternative employment and compensation options, which still address potential problems of future impoverishment, should be thoroughly explored; (ii) incompatibilities between reservoir filling deadlines and the needs of sound project design and implementation should be more proactively addressed; (iii) lessons of experience in irrigation, especially implementation time, costs, and technical lessons, should be fully reflected in project design . Deviations from past experience should be justified, particularly where there is substantial uncertainty .

8. Audit Recommended? Yes No

9. Comments on Quality of ICR :

A very thorough, balanced and thoughtful ICR .