



1. Project Data:		Date Posted : 04/27/2001	
PROJ ID: P007115		Appraisal	Actual
Project Name: Rural Development	Project Costs (US\$M)	112.7	84.3
Country: Ecuador	Loan/Credit (US\$M)	84.0	71.2
Sector(s): Board: TR - General agriculture fishing and forestry sector (54%), Roads and highways (28%), Agricultural marketing and trade (10%), Central government administration (5%), Water supply (3%)	Cofinancing (US\$M)	0	0
L/C Number: L3390			
	Board Approval (FY)		92
Partners involved : None	Closing Date	06/30/2000	12/31/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
John R. Heath	Ridley Nelson	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
(i) Increase and diversify output and improve productivity in the rural sector; (ii) Increase employment and incomes of small farmers and improve their standard of living; (iii) Improve rural infrastructure and help reduce the risk of flooding; (iv) Promote grassroot involvement of rural communities and groups of beneficiaries, giving special emphasis to rural women; (v) Promote a better use and conservation of natural resources; and (vi) Enhance institutional capacity for planning and implementing rural development activities .			
b. Components			
(i) Complete and rehabilitate six irrigation schemes, two flood control schemes and 43 existing watercourses; (ii) Improve adaptive research and extension services to promote investment by small farmers; (iii) Plant trees and conserve natural resources; (iv) Improve marketing facilities and foster small rural enterprise; (v) Establish a community development fund; (vi) Improve 700 kms of existing feeder roads and build 100 kms of new ones; (vii) Construct small reservoirs to supply domestic water needs; (viii) Regularize land tenure on 110,000 ha, issuing 10,000 land titles; (ix) Establish a unit to monitor the project's environmental impact; and (x) Give technical assistance and training to the Ministry of Social Welfare (MBS) and executing agencies .			
c. Comments on Project Cost, Financing and Dates			
None			
3. Achievement of Relevant Objectives:			
(i) The increase and diversification of farm output was only partially achieved; (ii) Net farm incomes rose by a weighted average of 43 percent, against an appraisal target of 150 percent; (iii) 60 percent of the planned hydraulic infrastructure was built, and many roads and bridges were either not finished or poorly maintained; (iv) Beneficiary organizations were not strengthened; (v) Only one-half of the appraisal targets (e.g. reforestation around small dams, improved planting practices) were met; and (vi) High staff turnover prevented institutional strengthening .			
4. Significant Outcomes/Impacts:			
The number of land titles issued exceeded the target . Performance targets for training and communication with community groups exceeded appraisal expectations .			
5. Significant Shortcomings (including non-compliance with safeguard policies):			
The economic rate of return was 3 percent, compared to the 15 percent forecast at appraisal . Even if the implementing environment had been adequate, the complexity of the project (nine major components) would have made a successful outcome unlikely : project design was innovative in the context but too ambitious . As it transpired in the course of the project, the implementing environment could not have been less favorable : political flux, macroeconomic instability, falling world prices, the El Nino cyclone, and war with neighboring Peru ---all these factors			

conspired against project success .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Negligible	Negligible	
Sustainability :	Unlikely	Unlikely	
Bank Performance :	Satisfactory	Satisfactory	Up until closing, supervision reports routinely described progress toward development objectives as satisfactory; the project team and management should have rated progress more accurately . OED's satisfactory rating is based on the teams innovativeness at the design stage, and QAG's 1997 rating of supervision quality as satisfactory .
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
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:

(i) Keep projects simple: no project should have nine major components; (ii) Be realistic about institutional capacity; (iii) Incentives for beneficiaries to maintain infrastructure need to be adequately provided for; and (iv) Performance indicators need to be specified at appraisal and tracked during implementation .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The story is complete and the economic analysis is sound .