



<b>1. Project Data:</b>		<b>Date Posted :</b> 11/29/2004	
<b>PROJ ID:</b> P042442		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Sierra Natural Resources Management & Rural Poverty Project	<b>Project Costs (US\$M)</b>	93.2	97.9
<b>Country:</b> Peru	<b>Loan/Credit (US\$M)</b>	51.0	48.4
<b>Sector(s):</b> Board: RDV - Irrigation and drainage (42%), Crops (29%), Forestry (14%), Central government administration (9%), Other social services (6%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L4130			
	<b>Board Approval (FY)</b>		97
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/2003	03/31/2004

<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**

According to the Staff Appraisal Report, the overall objective was to alleviate the poverty of those living in the rural Sierra region. Specific objectives were to assist the poor (i) improve management of natural resources through soil conservation and reforestation at the micro-catchment level; (ii) increase rural production and productivity through introduction of irrigation and improved agricultural practices; and (iii) strengthen their rural organizations so that they can become autonomous and sustainable .

The project aimed to serve 125 micro-catchments above 2,000 m altitude in the 7 poorest administrative departments of the Sierra, benefiting an estimated 1,250 communities or 75,000 families.

**b. Components**

- (i) Participatory Identification and Formulation of Rural Investments (Expected cost, US\$0.5 million; Actual cost, US\$0.9 million).
- (ii) Rural Investments (Expected, US\$77.7 million; Actual, US\$85.1 million), including construction of terraces, canals, reservoirs, pressure irrigation systems, and nurseries .
- (iii) Strengthening of Community Organizations (Expected, US\$3.6 million; Actual, US\$5.1 million).
- (iv) Project Management, Monitoring and Evaluation (Expected, US\$11.7 million; Actual, US\$6.8 million).

**c. Comments on Project Cost, Financing and Dates**

The expected costs are as shown in the Staff Appraisal Report (not the ICR). There was a substantial delay in implementing participatory assessments and preparing micro-catchment plans, which explains why the project closed nine months later than originally expected .

**3. Achievement of Relevant Objectives:**

Relevance of each of the three objectives is rated substantial . 1,184 communities participated, or 95 percent of the appraisal target. The project exceeded expectations concerning the number of micro-catchments (198) and the

number of departments (9) covered.

(i) **Improve natural resource management (Achieved)**. Soil conservation practices were introduced by all of the 1,801 local management committees. Reforestation was roughly double the appraisal target, with 42,110 ha brought under management compared to the 26,000 ha that was anticipated.

(ii) **Increase production and productivity (Achieved)**. Irrigation was central to the achievement of this objective and targets were exceeded, including construction of 818 km of canals and 315 reservoirs, respectively 176 percent and 113 percent of the appraisal target. The economic rate of return was 12.3 percent, compared to the 12.0 percent forecast at appraisal.

(iii) **Strengthen rural organizations (Partly Achieved)**. In-depth participatory planning was carried out in only 9 of the 200 micro-catchments. The 1,801 conservation committees participated actively in project tasks but failed to develop any real planning capacity. The ICR judges that most of these committees will not be sustained.

#### 4. Significant Outcomes/Impacts:

- Targeting was very effective, ensuring that the project reached very poor and indigenous groups in logistically-challenging conditions.
- The project provided a well-tested technical package, based on 15 years of previous experience by local institutions.
- Beneficiaries were required to provide the unskilled labor that was needed for construction but received seeds, fertilizer, tools and other inputs as grants, an approach that (a) favored participation by the most motivated and (b) allowed the poorest to be reached.
- Investments designed to boost farm output and productivity were sound and are likely to be sustained owing to the rapid payoff and targeting arrangements which favored participation by the most committed.

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

- When the project was designed the time needed to build community capacity for natural resource management was underestimated and insufficient steps were taken to ensure that the goal of increasing female participation was achieved.
- The project did not successfully promote participatory planning for natural resource management at the community or micro-catchment levels.
- Community institutions created by the project were effective for carrying out project investments but will probably cease to function now that the loan has closed.
- While project unit staff provided sound technical assistance on soil and water conservation, many lacked the necessary awareness, skills and incentives to adequately address the time-consuming task of building management capacity in the participating communities.
- There was a lack of follow through in the arrangements for community procurement of key inputs and tools, leading to the purchase of low-quality products, deficiencies in the contracting process, lack of transparency and insufficient opportunities for community engagement.

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

- Poor farmers will successfully adopt tried and tested technical packages.
- Unlike technical packages, participatory planning and micro-catchment management strategies cannot be "pulled off the shelf" and require substantial time and commitment to bring to fruition.
- In projects of this nature it is important to get the balance right between investments in works and investments in

institutional development.

- Community procurement arrangements have the potential to empower beneficiaries but will not prosper if the Bank is inconsistent and tends to fall back on more standardized, centralized approaches .

**8. Assessment Recommended?**  Yes  No

**Why?** Closer evaluation of the design and implementation of this project may yield lessons for other community-driven development projects . Also, Peru is a lightly-evaluated country .

**9. Comments on Quality of ICR:**

The report is very sound, presenting a clear account of the strengths and weaknesses of the project and containing a realistic and well-reasoned analysis of economic costs and benefits .