

Republic of Guatemala

National Rural Development Programme – Phase I: Western Region (PRONADER West)

Project Performance Evaluation

Executive summary

1. **The Independent Office of Evaluation of IFAD carried out a project performance evaluation (PPE)** of the National Rural Development Programme – Phase I: The Western Region (PRONADER West) in the Republic of Guatemala with the following objectives: (i) to generate findings, recommendations and lessons learned to guide IFAD and the Government of Guatemala in implementing similar activities under way and in the future; and (ii) to support the ongoing development of the IFAD country strategy.
2. **The objectives of PRONADER West** were to significantly reduce poverty and prevent exclusion and discrimination among the poorest indigenous and non-indigenous populations of the Western region of Guatemala through the comprehensive, integrated and environmentally sustainable socio-economic development of rural areas. The programme was articulated through four strategic axes: decentralization, competitiveness, social investments and institutional ties with the Ministry of Agriculture, Livestock and Nutrition (MAGA), executing agency of the programme.
3. PRONADER West was approved in 2003 with a budget of US\$48 million, comprising US\$30 million (63 per cent) from IFAD, US\$10 million (21 per cent) from the OPEC Fund for International Development, US\$6 million (13 per cent) from the Government of Guatemala and US\$2 million (4 per cent) from the beneficiaries. The PRONADER West programme area comprised 56 municipalities in the six departments of the Western region (Huehuetenango, San Marcos, Sololá, Totonicapán, Quetzaltenango and El Quiché), a vast area covering 22 per cent of the country. It aimed to reach 100,000 poor small farmers, landless farmers, microenterprises and craftspeople (of whom, 25,000 direct beneficiaries and 37 per cent women). Programme implementation began more than five years after it had been designed and following two changes of government.
4. **Relevance.** The programme was aligned with policy documents at the time of its conception, but in practice proved excessively complex and ambitious for the Guatemalan institutional context. PRONADER West design was aligned with the Government's priorities for 2000-2004 based on commitments under the Peace Agreement, considered the first phase of the National Rural Development Programme. It further assumed the implementation of decentralization laws. It sought to tackle the multiple causes of rural poverty in the west of the country simultaneously but underestimated the difficulty of the interinstitutional coordination required for its integrated development approach. It also proved difficult to link investments with municipality- and community development council-led local planning and to promote effective participation among vulnerable populations.
5. The programme applied social and geographical targeting mechanisms to select poor and extremely poor municipalities but carried out no targeting study of the characteristics and needs of beneficiary groups and families. The programme reached several types of beneficiaries without a clear intervention strategy from the design phase. On the one hand, it included subsistence and infra-subsistence farmers (poor and extremely poor populations) to help them improve their food security or generate modest income. On the other hand, it included female and

male surplus producers, such as coffee producers organized into cooperatives and producers of vegetables linked to export markets, among others.

6. **Effectiveness.** The programme was ineffective in achieving its four development objectives and exhibited serious problems in documenting results. The assessment mission had difficulty in determining the real number of investments and outputs under each component. PRONADER West achieved limited results towards its first objective of promoting the effective participation of grass-roots organizations in local development and decentralization planning and decision-making. Likewise, it attained only isolated results in enhancing income-generating capacity among some beneficiary groups through productive infrastructure projects and other activities of limited scope (specific objective 2).
7. The assessment mission succeeded in identifying 63 field investments (US\$5.9 million), primarily agricultural and irrigation projects, and 57 others that had been planned but never implemented (see annexes VII and VIII). These figures are well below the number of projects financed under the two earlier IFAD loans in Guatemala, which had a different executing agency (FONAPAZ [National Fund for Peace]) and covered a more limited geographic area. The objective of improving economic conditions and opportunities for rural women (specific objective 3) was completely neglected and no notable progress made in that regard. Nor was any significant progress made towards the final specific objective of strengthening, through reforms and procedural improvements, MAGA capacity to contribute to rural development.
8. **Efficiency.** After six years of implementation, PRONADER West had disbursed only 21 per cent of its funds. Only 28.5 per cent of the US\$30 million available under the IFAD loan was used. Programme management (operating costs) accounted for 45.7 per cent, a much higher proportion than for earlier IFAD loans in Guatemala. Among the main factors explaining this inefficiency, the PPE highlights the constant changes in programme coordination staff and the lack of a functioning strategic guidance body (Steering Committee) together with the institutional weaknesses of MAGA as executing agency, changes in national legislation regarding the approval of payments using public funds, the requirement of complex *pari passu* provisions for financing loan activities and the change of executing agency without prior authorization.
9. **Programme impact on rural poverty could not be assessed due to a lack of key information.** Poor budget execution, a lack of coherence in programme implementation by component and the sparse geographical distribution of small-scale investments decreased their effectiveness and potential impact. No baseline study was carried out in the programme area. Given the limited scope of the programme's outputs, its impact is likely to have been limited to a few dozen beneficiaries through catalytic investment projects in groups that exhibited strong engagement (coffee producers and groups of women fruit processors).
10. **Sustainability.** The programme's limited impact and lack of exit strategy hampered the continuation of its benefits beyond the phase of active external assistance. Among measures that could have improved sustainability, the PPE underscores the need to align activities with planning in MAGA at the central and department levels as well as with Local Development Plans (even after an investment is made), and the need to improve the system for documenting results. Some cases with better prospects for continuity were identified, such as groups of coffee producers and a group of women fruit processors, thanks to the selection of service providers with ongoing local support.
11. **Innovation and scaling up.** PRONADER West could have innovated had it succeeded in implementing its integrated rural development approach, including with local participatory planning processes and interinstitutional coordination with investments in social, productive and commercial infrastructure. However, this was

not the case, and results were isolated and difficult to scale. It is unlikely to occur owing to the serious problems in the documentation of approaches and investments.

12. **Gender equality and women's empowerment.** The design's cross-cutting consideration of gender did not materialize in implementation and made no significant contribution to the specific objective of improving conditions and opportunities for rural women to engage in profitable and sustainable economic activities. The gender strategy and measures intended to strengthen the MAGA unit responsible for gender issues were never developed. The limited activities that benefited some women's groups fell far short of the programme design's objectives in terms of inclusion, focusing more on the economic empowerment and participation of women in rural institutions and organizations than on achieving a more equitable balance in terms of workload and better distribution of economic and social benefits among women and men.
13. **Environment, natural resource management and climate change adaptation.** PRONADER West paid insufficient attention to these elements, despite their importance in this highly environmentally and climatically vulnerable region of Guatemala. No changes were made to incorporate these elements into programme activities despite the cancellation of a World Bank and International Development Bank loan that had been intended to create synergies. As a development intervention, PRONADER West cannot be said to have helped build resilient livelihoods and ecosystems.
14. **Performance of IFAD.** Though the programme designed by IFAD was relevant to the needs of the population in the western departments, it was overly ambitious and complex for the local institutional context. Supervision being based in Rome did not help to overcome the various challenges that arose in such an extensive and complex programme. This resulted in reputational costs for IFAD in the programme area.
15. **Performance of the Government of Guatemala.** The legal framework for ratifying the loan and approving MAGA annual budgets, together with the institutional and operational limitations of the executing agency itself, affected the efficiency and effectiveness of the programme. Changes of government led to constant changes in programme coordination, limiting the stability of activities and resulting in serious delays. The approval of the decree delegating loan implementation to FONAPAZ in August 2012, without prior authorization through the Ministry of Finance for the approval of a Modification Agreement, led to institutional uncertainty that jeopardized programme implementation.
16. **Conclusions.** Despite its relevance to the needs of the country and the target population, PRONADER West did not achieve its specific objectives. The programme succeeded in implementing a number of isolated investments of limited scope, more focused on productive infrastructure than forming an integrated rural development approach as envisioned in its design and the related policy approved in 2009. Nonetheless, it is likely to have had catalytic benefits for several dozen beneficiaries. Programme efficiency was very weak owing to frequent changes in programme coordination staff and slow payment management processes in MAGA, which further deteriorated with some changes in national legislation during implementation. Despite including a specific capacity-building component for MAGA as the executing agency, PRONADER West did not successfully contribute to improving its performance, which could have enhanced the sustainability of some programme results.
17. **Recommendations.** The following recommendations seek to improve the design and implementation of ongoing and future IFAD operations in Guatemala and identify strategic issues that should be the object of further evaluation work.

18. Recommendation 1. Geographically and thematically better-focused project design to ensure that meaningful development objectives are achieved. The design of future loans should be less complex and ambitious and based on a concept note that can be updated to reflect any changes in national priorities.
19. Recommendation 2. Clear social targeting strategy for beneficiary and intervention mechanism selection. The structural problems underlying rural poverty in Guatemala call for differentiated intervention mechanisms and particular attention to indigenous peoples and vulnerable groups such as women, young people and people with disabilities. The PPE recommends further analysis to determine which groups truly benefited from the two loans in implementation in relation to their initial targeting strategies and the implementation mechanisms used.
20. Recommendation 3. Participatory monitoring and social auditing. Programmes should establish strategies for the participation of all stakeholders in the various phases of design and implementation, including mechanisms for social auditing (oversight committees) with broad participation by social and economic organizations to strengthen local implementation capacities and the sustainability of activities.
21. Recommendation 4. Environmental safeguards. The high environmental and climatic vulnerability of Guatemala and its rural population require the incorporation at the design phase of measures to mitigate the impact of investments, and the inclusion of specific interventions to generate environmental benefits to build the resilience of rural people's livelihoods.