

The Oriental Republic of Uruguay

Uruguay Rural Project Project Performance Assessment

Executive Summary

1. The Oriental Republic of Uruguay, located in the Southern Cone between Brazil and Argentina, has a population of 3,300,000, with a density of 19 inhabitants per square kilometre, and has been an independent country since 1830.
2. The Uruguay Rural Project (PUR) was formulated within the framework of the country strategic opportunities programme approved in 1999, as a second phase of the National Smallholder Support Programme, the first project financed by IFAD in Uruguay. In 2000, when the PUR was approved, a new government was installed, which had a productivity-driven approach to agriculture and rural development, without attributing any priority to poverty reduction. As a result of this focus, combined with the major crisis in Argentina in 2001-2002, which had serious repercussions on Uruguay, causing a fall of 10.8 per cent in GDP in 2002 and a downturn in all economic indicators, the PUR was not seen as a priority project, resulting in a low level of execution. At the time of the mid-term review in 2005, only 18 per cent of the resources had been disbursed. It should also be noted that the evaluation period coincided with a major countrywide drought (the years 2008-2009).
3. The total amount of the loan approved in 2000 was USD 14 million, 92 per cent of which had been used at the termination of the loan. The project was national in scope and the United Nations Office for Project Services was responsible for supervision until 2007, when IFAD took direct charge of project supervision. The main aim of the PUR was to reduce rural poverty, improving the beneficiaries' income and quality of life (aspects on which no information has been generated), with a strategy that focused on establishing an institutional mechanism to ensure the sustainability of rural development policies and tools and the reduction of poverty in rural zones.
4. The specific objectives were as follows: (i) to boost institutions in the agricultural and livestock sector at both central and local levels in order to ensure the sustainability of rural development actions and policies, and to build up local beneficiaries' organizations in order to ensure their participation; (ii) to ensure and improve access to production support services for smallholders and small and medium-sized enterprises on a sustainable basis; (iii) to improve the access of smallholders and small and medium-sized enterprises to rural finance services; and (iv) to help build up an institutional mechanism to coordinate rural development policies and projects, and to help speed up learning and innovation processes with regard to rural development, through the monitoring and evaluation system. The following paragraph shows the result of applying IFAD's evaluation criteria to the PUR and thus providing a breakdown of project performance.
5. **Relevance:** the project components corresponded adequately to the appraisal and the project design was consistent with the objectives; the rating for relevance is 5 (satisfactory). **Effectiveness:** although the PUR did not achieve all its objectives, it was able not only to achieve but even to exceed objectives in key areas, in which the Government of Uruguay has continued to make progress since the close of the PUR; the rating for effectiveness is 5 (satisfactory). **Efficiency:** the information available on the efficiency of the PUR is limited; however, it should be noted that the fact that the date of project termination was twice postponed had a negative effect on efficiency; the dispersal of the population was another factor affecting

efficiency, together with the intervention methods adopted; the rating for efficiency is 3 (moderately unsatisfactory).

6. **Innovations and scaling up.** The PUR supported the introduction of institutional innovations (rural development platforms, local credit committees, creation of the General Directorate for Rural Development) to help combat rural poverty in Uruguay. This was possible in part because of the incorporation of multidisciplinary teams, made up not only of experts in traditional agricultural and livestock disciplines, but also of specialists in the social sciences. The rural development platforms are intended to promote coordination between the public and private sectors, which was previously non-existent, and they have allowed poor inhabitants to take part in dialogue with both sectors in order to make their needs heard. The local credit committees are a new form of credit management for poor rural people, which gives a central role to local inhabitants, who work within the committees on a voluntary basis, using their local knowledge and mobilizing the community in order to bring social pressure to bear for payment of commitments. Lastly, the creation of the Directorate General for Rural Development, promoted by the PUR, is an organizational innovation within the Ministry of Livestock, Agriculture and Fisheries, leading to greater effectiveness and efficiency in interventions to combat rural poverty, facilitating the coordination of interventions and creating opportunities for scaling up innovations. These innovations have had a **significant impact on Uruguay's public institutions and policies** to combat rural poverty, with very good prospects of **sustainability**. In addition, it should be noted that the PUR also made progress in the sphere of **gender equality and women's empowerment**, and these advances have been institutionalized.
7. **In summary**, when a new government came to power in Uruguay in 2005, with a special focus on reducing poverty and promoting the people's participation, implementation of the PUR, which had been slow during its first years, now speeded up. Starting this year, the PUR contributed notably to an institutional development intended to eliminate rural poverty, working at the local level, with the formation and consolidation of local credit committees, at the departmental level, with rural development platforms that foster public-private coordination, and at the national level, with the creation and support of (and within) the Directorate General for Rural Development within the Ministry of Livestock, Agriculture and Fisheries. These results were achieved thanks to a combination of factors: the Government of Uruguay's commitment, a product design that clearly identified institutional weaknesses together with ways of countering them, and IFAD's active participation in project supervision. Three critical aspects are discussed in the conclusions of the report: the disjunction between the project cycle and the political cycle, deficiencies in monitoring and evaluation, and the failure to take advantage of IFAD's worldwide experience in rural finance and technical assistance for poor rural populations. Lastly, the report offers specific recommendations to address each of these issues.