

PD-ABE-602  
78581

JUL 20 1992

## PROJECT ASSISTANCE COMPLETION REPORT

- A. **Project Title and Number:** Northern Zone Infrastructure Development  
Loan 515-T-041
- B. **Implementing Agency:** Ministry of Planning and Economic Policy  
(MIDEPLAN)
- C. **PACD: Original** April 30, 1987  
**Revised** September 30, 1988
- D. **Amount Obligated:** Loan: \$14,200,000  
Grant: \$500,000
- E. **Total Expenditures:** Loan: \$13,356,540  
Grant: \$ 486,565

## **I. Project Purpose:**

To provide a basis for the efficient and equitable socioeconomic development of the area by increased access to market/services, agricultural assets (e.g.) land and by expanding community level infrastructure and the knowledge base required to plan and initiate productive investment.

## **II. Project Description**

A. The Project consisted of four components: Road Improvement, Community Development Fund, Project Coordination, and Land Purchase/Titling. This last component was totally financed with GOCR counterpart.

### **1) Road Improvement**

This component expected to finance a major road improvement program in the Project area. A total of 152 kms of existing dirt roads were planned to be upgraded to all-weather gravel status. (120.4 km trunk road between Santa Cecilia de La Cruz and San Rafael de Guatuso, plus 31.4 kms. of spur road segments and four permanent bridges.

### **2) Community Development Fund**

This component was expected to fund the establishment of a Community Development Fund to grant-finance viable community projects. Operating much like the Mission's highly successful Special Development Fund (SDF), it proposed financing the purchase of materials and equipment while the community would contribute the land and labor for the project.

The AID Loan financed the establishment of a \$500,000 pre-investment fund to provide grants to communities for viable community development projects.

### **3) Project Coordination and Area Development Studies Component**

The Office was to be given legal status as a MIDEPLAN sub-regional office. It had overall monitoring responsibility for all components of the project and was involved in the planning and evaluation of all development activities in the project area, however financed. It also had an operational role with regard to special studies and pilot projects financed from the Pre-Investment Fund. Finally, it was expected to provide Executive Secretariat services to the Consultative Committee.

### **4) Land Purchase and Titling**

This component of the Project was designed to resolve titling problem and to take the initial steps necessary to satisfy the GOCR objectives. Both activities were intended to be handled by the Agrarian Development Institute (IDA), and were to be financed exclusively from FY 1983 PL-480 Title I Local Currency Generations. Also, in order to permit the land purchasing to get underway while waiting for ratification of the Loan Agreement by the Costa Rican legislature, the funds were to be made available to IDA under a discrete PL-480 Title I Activity Agreement. These GOCR funds were counterparted to the Project Agreement. The implementation of the work by IDA was to be monitored and coordinated by the Project Coordination Office in Upala to the same degree as other components of the Project were.

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**TABLE 1**  
**Community Development: Project Execution from Inception to January 20, 1987**

<u>Type of Project</u>	<u>Number of Projects</u>	<u>Status</u>		<u>Budgeted Cost (thousand of colones)</u>			<u>Other Contributions</u>	
		<u>Finished</u>	<u>In Execution</u>	<u>Total</u>	<u>Community Contribution</u>	<u>Project Donation</u>	<u>Yes</u>	<u>No</u>
1) School Building	27	11	16	14,973.4	6,404.8	8,568.6	6	21
2) School Lunch Building	6	3	3	3,650.0	1,416.5	2,233.5	2	4
3) Stationary Bridges	3	2	1	1,817.6	816.6	956.0	2	1
4) Suspension Bridges	3	2	1	1,641.7	638.0	1,003.7	3	0
5) Health Posts	1	0	1	502.7	204.3	298.4	1	0
6) Community Centers	11	5	6	6,787.1	3,001.0	3,786.1	5	6
7) Aqueducts & Other Potable Water Projects	4	4	0	2,786.9	1,170.8	1,616.1	3	1
8) Road Improvement	8	7	1	4,422.1	2,473.5	1,948.6	7	1
9) Sidewalks	1	1	0	846.5	497.5	349.0	1	0
10) Hydroelectric Plant	1*	-	-	-	-	43.9***	-	-
11) Radio Broadcasting Station	1	1	0	487.9	158.0	329.9	1	0
12) Portable Stage	1	1	0	104.4	34.5	69.9	0	1
<b>Totals</b>	<b>67**</b>	<b>37</b>	<b>29</b>	<b>38,020.3</b>	<b>16,860.5</b>	<b>21,203.7</b>	<b>31</b>	<b>35</b>

\* Project abandoned due to landslide.

\*\* DINADCO records show 69 projects, since they count by associations. In two projects, there was separate funding for two associations.

\*\*\* Corresponds only to money spent.

Table 3  
Chronology of Purchase and Initial Adjudication

	<u>Purchase Date</u> <u>(Escritura)</u>	<u>Date Initial</u> <u>Distribution Land</u>	<u>Elapsed Months</u> <u>Purch. to Distr.</u>
San Luis	15/04/85	27/09/85	5
Moravia Verde	06/02/85	26/11/85	9
Rfo Celeste	19/04/85	06/06/85	2
El Valle	19/04/85	11/09/85	5
San Blas	30/07/85	16/12/85	5
El Salto	11/07/85	19/11/85	4
Bijagua	10/07/85	13/12/85	5
Barrantes	20/03/86	--	10 to date
El Gavilán	07/05/86	30/05/86	1
Sergio Segura	24/03/86	--	10 to date
Alvaro Brenes	04/04/86	11/12/86	8
Luis Aponte	26/12/86	07/11/86	9

Table 4  
Settlement Status as of  
December, 1986

	<u>Total No. Lots</u> <u>Suitable for</u> <u>Settlement</u>	<u>%</u> <u>Completion</u> <u>Topography</u>	<u>% Lots</u> <u>Adjudicated</u>	<u>% Lots</u> <u>Occupied</u>
San Luis	50	100	30	48
Moravia Verde	27	100	60	60
Rfo Celeste	48	100	98	98
El Valle	59	100	100	100
San Blas	39	0	0	45
El Salto	19	100	100	100
Bijagua	79	100	70	70
Barrantes	44	0	0	0
El Gavilán	46	90	46	46
Sergio Segura	78	0	0	0
Alvaro Brenes	34	100	100	91
Luis Aponte	34	100	100	34

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**TABLE 2**  
**Community Development Associations**  
**by Year of Creation**

	<u>Number</u>
In Existence at Project Initiation	31
Created in 1984	3
Created in 1985	9
Created in 1986	<u>9</u>
<b>Total</b>	<b>52</b>

## **B. Major Outputs and Accomplishments**

The work accomplished and directly related to project target is summarized in Tables 1 and 2.

### **1) Road Improvement**

The total number of kilometers upgraded under the project was reduced from the estimated 152 kilometers to 103.7 kilometers. This was accomplished by eliminating 3 planned feeder or radial roads (Brazilia/Dos Ríos, Cuatro Bocas/San Isidro, and Canalete/Puntarenas). Additionally, 22.7 kilometers of the 103.7 were financed from PL-480 rather than project funds. Thus the \$13.4 million initially programmed for the design, supervision and construction of 152 kilometers provided only 81.0 kilometers of Loan financed construction plus one additional design and supervision work. According to the Mission Engineer, most of the reason for this 50% increase in the cost per kilometer was the change in specifications. The other major cause was the delay in start-up and the consequent cost inflation.

### **2) Community Development**

The work accomplished is summarized on Tables 1 and 2.

It must be highlighted that this was one of the successful components of the Project in terms of accomplishments vis-a-vis planned outputs.

Furthermore, the 52 Development Associations that were supported through the Project virtually cover 100% of the Project area. While there may need to be some jurisdictional adjustments to take account of small uncovered pieces of territory, there is neither room nor need for additional, new associations, except as it may prove desirable in the future to divide one association into two.

### **3) Project Coordination**

On February 1987 AID conducted an evaluation of the Project. General Findings of the Evaluation were:

- 1) The Project Paper set up a 44 month period between Authorization and the PACD (July 27, 1983 - April 30, 1987). The PACD has been extended by one year to April 30, 1988. Counting from the true start-up date of March 20, 1984, this allows approximately 48 months to undertake and complete the project. Based on the advance accomplished during the 33 months covered by this evaluation, I believe it reasonable to anticipate that all components of the project, with the possible exception of the feasibility and other studies, can and will be accomplished within the remaining 15 months, provided the present level of effort is maintained. The evaluator recommended that no further PACD extension be contemplated. If the study component could not meet this target, any undisbursed funds (which would probably not exceed \$100,000) should be reprogrammed or deobligated. It should be mentioned that the PACD was subsequently extended to September 30, 1988 to allow for a smooth transition into the follow-on Consolidation Project.**

- 2) **PL 480:** A considerable amount of counterpart resources called for under the project plus a series of related, non-project activities have been financed from the local currency proceeds of the Title I PL 480 program. The evaluator noted that for a certain number of these PL 480 projects, of the process of drafting, negotiating and signing the "Convenios", revealed that inordinate and unjustifiable delays had been routine. There did not seem to have been any sense of urgency on the part of the various concerned GOCR agencies. In some instances this resulted in delays in execution of needed work. If there was to be a Phase II project, the Evaluator recommended that the "Convenios" for any PL 480 or other local currency financed activity be developed and negotiated as part of the Project Paper preparation. This should have permitted formal signing of the documents and initiating the cumbersome and time consuming budgetary procedures required to activate these resources immediately after complying with Loan Agreement ratification formalities. The Evaluator pointed out that it was understandable that in Phase I, it was considered sufficient to lay out the general lines of such "Convenios" at the Project Paper stage and leave maximum flexibility in working out the details for project execution.

However, the Evaluator assumed that for most components there was sufficient knowledge at hand to permit preparing a final product during the planning of the overall project. Further, it is during the negotiations relating to the Project Paper and the Loan Agreement that the Mission has maximum leverage in achieving agreement on points at issue. Some creative thinking may be required in dealing with "mortgages" on future PL 480 sales or other sources of local currency, but this does not seem to be an unsolvable problem.

- 3) **USAID Performance:** "A word needs to be said about the performance of the Mission, especially the AID financed Project Advisor and the backstopping provided him by the Project Officer and other Mission staff. There have been some deficiencies and, in the writer's opinion, errors of judgment made. These are pointed out in the context in which they occurred. However, if the overall progress of the project is satisfactory --and it is-- much of the credit must be given to the active role played by the Project Manager and the Mission in implementation of what turned out to be a complex and difficult project".
- 4) **Development Expectations:** "The Project Paper did not anticipate that there would be much, if any, actual development achieved during the term of the project. This was prudent. There does not seem to have been any noticeable change, or even beginnings of progress, in such crucial developmental factors as income (15% of the national average in the project area), or unemployment reduction (4 times the national average). There are some signs of incipient new economic activity, e.g. reactivation of cacao planting in a small way, and of the efforts of a few individuals in agroforestry, citrus production and dairy products, but signs of economic take off, as for example in the San Carlos Valley just to the south, are notable for their absence. Of course, 33 months is a very short period of time in which to expect anything like this to happen".

- 5) The Future: "It is also appropriate to pose the issue: is there a rationale and justification for a Phase II project and, if so, what. This broad question needs to be addressed independently of an examination of each of the present components. I believe that the answer is affirmative and that it flows from the observations in the preceding paragraph. Given the existence of productive physical infrastructure, i.e. roads and electricity (almost all population centers of 300 or more households are now connected to the national grid), the time is appropriate for the major effort to do something about production, incomes and employment. Just as physical infrastructure (roads) was the centerpiece of the Phase I project, production should be the centerpiece of the Phase II. In addition, the investment and effort made in physical and social infrastructure, including the organizational apparatus, needs to be consolidated, e.g. arrangements made for road rehabilitation and maintenance. There probably is a requirement for some additional investment a Phase II project. Thus the rationale and content of Phase II can be summed up in two words: production and consolidation".

#### 4) Land Purchase and Titling

IDA purchased 4,291 hectares at a cost of C101,205,807 from PL 480 funds and created 12 new "asentamientos" from this land. The estimated capacity is 548 families. Between 340 and 370 of the plots were occupied and/or being worked as of January 15, 1987. Tables 3 and 4, where the data is taken from official reports by IDA, provides details on the chronology of purchase and initial adjudication and on the achievements in settlement.

This component, executed by IDA, had as its objective assisting small and medium sized farmers (defined as properties of less than 100 hectares) with possessory rights, to secure legal title to their properties. This change in their status, improved their access to credit and, in other ways facilitated development of their properties.

As regards farmers who already had topographic plans: 117 titles were registered and awarded as of January 19, 1987, five others in this category had all the work completed and were reviewed in the Land Registry Office. Another 65 properties with plans were in the field inspection phase. Enough other potential subjects for titling under this procedure have been identified to set an informal target of 400 titles by PACD for this group of farmers.

For the 5 zones selected for the full treatment, as of November 1986 work was underway in two of them. The first step, a census of 877 properties had been completed. It showed 441 properties susceptible to titling and a further 283 still under study in this regard. Four contracts for topographic work were assigned for one zone and the measurement is proceeding. For the second zone, three contracts have been signed and work began in January 1987.

### C. Other Accomplishments

#### (a) Community Development

In coordination with the Northern Zone Project Office, DINADECO, Development Associations and Beneficiaries and Municipalities, the following constructions were carried out:

3 cement classrooms for Río Celeste School  
Community Center for El Valle  
Meeting Center for Bijagua  
Health Center for El Gavilan  
Meeting Center for San Luis  
Water System for Bijagua  
World Food Program

**(b) Agriculture**

Project Office in coordination with Centro Agrícola Cantonal (CAC) de Upala, Coopesancarlos, Ccopetilarán and Coope-Llano Verde, Bancoop, CATIE and others the following projects were established:

- Cocoa (800 has planted.)
- Cardamom
- Black Pepper
- Vanilla
- Windbrakes
- Maracuya

**III. Summary of Lesson Learned**

Theoretically, considerable preparatory work could have been accomplished during the 8 months period between signature and publication in the Official Gazette. However, the legalistic bent of GOCR officials appears to preclude this approach to project execution. Even in the case of the Grant Agreement, where there were no technical obstacles to an earlier start up, it was delayed until March 1984, presumably because of the delay related to the Loan Agreement (to which it was, of course, closely related). The lesson for the future is obvious: within the limits permitted by AID regulations, allow ample time for formal ratification, etc. and do not plan for any significant activity to begin until the ratification process is completed.

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