PD-ABH-879
86398

A.I.D. EVALUATION SUMMARY PART I

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

IDENTIFICATION DATA

A. REPORTING A.I.D. UNIT: USAID/Costa Rica (Mission or AID/W Office)

(ES# 92-3)

B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN? yes ☒ slipped ☐ ad hoc ☐

Eval. Plan Submission Date: FY 92 Q 1

C. EVALUATION TIMING: Interim ☒ final ☐ ex post ☐ other ☐

D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report)

Project #	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
515-0235	Northern Zone Consolidation	88	9/94	5,150	5,150

ACTIONS

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

Action(s) Required	Name of officer responsible for Action	Date Action to be Completed
1) NZCP HB-3 Agreement Amendment No. 1	J. Correa P. Kranstover/PDO	3/6/92
2) LC Programming Agreement Amendment No. 3	Marta Vega/PRO P. Kranstover/PDO J. Correa/RDO	3/6/92
3) HB-13 Grant to CARE for Crop Production TA and Training (Amendment No. 1) - Crop Diversification Component	P. Kranstover/PDO J. Correa/RDO	5/14/92
4) HB-13 Grant to ACDI for TA and Training to the Asociación de Mantenimiento Vial (AMV) - Road Rehabilitation and Maintenance Component	P. Kranstover/PDO J. Correa	5/22/92
5) Local Currency (LC) Grant Agreement to CARE for establishement of production credit program	P. Kranstover/PDO J. Correa/RDO	7/6/92
6) HB-13 Grant to the AMV for rehabilitation of feeder roads only (Amendment No. 1)	P. Kranstover/PDO A. Villalobos/RDO	8/15/92
7) LC Grant Agreement to AMV for OE costs, rehabilitation and maintenance of feeder roads, rural census and tools	P. Kranstover/PDO A. Villalobos/RDO	8/15/92

(Attach extra sheet if necessary)

APPROVALS

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo 10 day 21 yr 91

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature				
Typed Name	David Heesen	Alfonso Hernandez	Virginia Waddell	Ronald F. Venezia
Date:	2/12/92	21-09-92	1 12	4/2/92

H. EVALUATION ABSTRACT (do not exceed the space provided)

ABSTRACT

The Project is aimed at amplifying the bases for the productive and sutainable development of most of the northern zone of the country by increasing non-traditional export-oriented crop production, developing a self-financed system of road maintenance and rehabilitation, supporting social infrastructure improvements, and consolidating current settlement activities through titling services to land holders and their integration into the economic development process. The Project is implemented through a Coordination Office, which is organized as an extension unit of the Ministry of Planning. The mid-term evaluation was conducted by an International Resources Group (IRG) Team on the basis of a review of relevant Project files, interviews with GOCR Officials from all implementing agencies and the Municipality of Upala, and visits to seven community development projects, two settlements and 10 groups of farmers beneficiaries of the Project. The evaluation, a process one, was oriented towards taking remedial actions for any unresolved problems and issues identified prior and throughout the Evaluation. The major findings and conclusions are:

1) Overall Project progress is unacceptable. While the Community Development, and Land Settlement and Titles Components are well on track, the Road Rehabilitation and Maintenance, and Crop Diversification Components are significantly behind schedule and are not likely to work given current implementation arrangements.

2) The Project Coordination Office (PCO) has no autonomy and must operate through the Planning Ministry's administrative, legal and budgetary procedures.

3) Approximately two years were required to negotiate agreements and contracts with public and private institutions participating in the Project.

4) Unclear monitoring responsibilities of the PCO in relation to the Road Rehabilitation and Maintenance and Crop Diversification Components.

5) Lack of clearly defined amounts of resources the Project would receive and when under current monetization levels, the latter problems becoming more critical over FY 91 and FY92.

COSTS

I. EVALUATION COSTS

1. Evaluation Team

Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US$)	Source of Funds
Howard Harper	Intl. Resources Group	PDC-1405-I-00-0034-00	$42,685	NZCP Project
Justo Aguilar	University of Costa Rica			
Mario Barboza	Independent Consultant			

2. Mission/Office Professional Staff Person-Days (estimate) 6

3. Borrower/Grantee Professional Staff Person-Days (estimate) 20

A.I.D. EVALUATION SUMMARY PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)
Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID/Costa Rica

Date this summary prepared: May 1992

Title and Date of Full Evaluation Report: Mid-Term Evaluation of the Northern Zone Consolidation Project.

1. The Project goal is "to improve the socio-economic growth of Costa Rica's Northern Zone through the use of underutilized agricultural lands, the more efficient and diversified use of the region's agricultural resources and improved access to markets and services." The NZCP should be considered an extension of the Northern Zone Infrastructure Development Project implemented by the GOCR and partially funded by USAID during the period 1984-1988. (Loan 515-T-041)

2. The Project focusses on the non-traditional agricultural sector and has five components: Crop Production and Diversification; Road Maintenance and Rehabilitation; Community Development, Land Settlement and Titling; Administration and Monitoring; and Environmental Concerns. The Role of Women in the project was also addressed in this evaluation per request of USAID.

3. The mid-term process evaluation was oriented towards remedial actions for any unresolved problems and issues identified prior to or throughout the evaluation.

4. The evaluation was conducted by a team of three persons. Howard Harper (Team Leader), Justo Aguilar (Organization and Management Specialist) and Mario Barboza (Business/Financial Management Specialist). Activities were carried out in the project area during the first three weeks of work. Conferences with USAID and Ministry of Planning officials in San José and in Upala were followed by analysis and report formulation in San Jose.

5. The methodology focused upon the identification of the major problems affecting the strategic components of the Project's Coordinating Office in Upala. These components include, the organizational structure of the AMV and its likelihood of becoming institutionally, financially and technically sustainable and the technical assistance contract with SISTTEMS for the provision of assistance to participating farmers in order to achieve project production targets.

6. A review of the Project documentation was carried out and a questionnaire was designed for the purpose of collecting standard information for all Project components. Detailed interviews with the Project Director's assistants in charge of these components provided for more indepth information. These interviews included former and actual Project Directors, as well as the administrative personnel.

7. The field work included visits to seven community development projects, two "asentamientos campesinos", and ten groups of farmer beneficiaries of the Project. GOCR officials from all implementing agencies and the municipality of Upala were interviewed. Approximately 30% of the total roads under the Project were driven over.

8. Major findings of this evaluation showed that the overall Project was having significant implementation problems. By March 1992 59% of the LOP had elapsed but only 25% of obligated resources ($5.150 m) had been expended.

SUMMARY

9. Administration Component - The Evaluation cited a top heavy highly centralized implementation structure as a major reason for lack of implementation progress.

   At a more specific level it was found that the Project Coordinating Office (PCO) was organized as an extension unit of the Ministry of Planning (MIDEPLAN). As such it was reported to lack autonomy and had to operate through MIDEPLAN's administrative, legal and budgetary procedures.

   Project designers had planned for the PCO to be a decentralized, semi-autonomous unit and designed manuals and fiscal plans in great detail. The autonomy idea did not materialize and the existing duplication of effort has caused unwarranted delays in implementation which made for acute moral problems for contractors and Project personnel.

10. Community Development Component - The Component has progressed slowly but according to plans.

    The Directorate for Community Development (DINADECO) with Project funding and outstanding technical assistance from the Project Advisor, has developed an organizational capability of Development Associations, so that they have become more independent and capable of meaningful participation in area development.

11. Land Settlement and Titling - The Component has has also progressed slowly but according to plans.

12. Crop Production and Diversification Component - The component as now being implemented, primary objectives cannot be achieved within the 1993 PACD.

    On December 20, 1990, the Controller General's Office of Costa Rica approved a contract with SISTTEMS, a private sector firm, to provide technical assistance to farmers in the production of selected export crops, i.e., passion fruit, black pepper, heart of palm and cocoa rehabilitation. Lack of understanding at the Project level of the Design Team's intentions led to a misunderstanding regarding the broadness of definition of technical assistance and training. The Design Team considered that technical assistance included all the factors for successful production from site selection through marketing. At the project level, SISTTEMS felt restricted to providing only technical assistance and training at the farm level but not credit and marketing assistance. One result was that the project's farm credit component was delayed. This problem may have been rectified without a contract amendment.

    It was found that SISTTEMS was technically competent and was carrying out its mandate to provide training and technical assistance to Project farmers in groups. It was also found that without adequate credit resources, under the guidance of SISTTEMS, production targets may be greatly reduced. With a two years PACD extension, project goals and purpose can be achieved.

13. Road Rehabilitation Component - As of the Evaluation, the "Asociación de Mantenimiento Vial" (AMV) had not produced visible results and there was no apparent evidence that it could become a self-sustainable organization. The original project design underestimated the difficulty inherent in farming an effective, private sector road maintenance firm in an area and with individuals holding no previous experience with a business of this type or scale.

The rehabilitation and maintenance of the roads component required creation and strengthening of the AMV. The AMV is a non-profit organization formed by representatives of community associations and municipalities of the Northern Zone. It was chartered under Costa Rican Law in January 1991.

Environmental Activities

Due to the size and complexity of the NZCP, the design team recognized that some project activities could have unintended negative impacts on the environment. This concern led to the creation of the Environmental Management Office (EMO) attached to the Project Coordination Unit in Upala.

The mandate of the EMO is to insure that environmental concerns are well integrated into all project activities and to assure that adequate technical staff and resources are available to identify and implement required mitigative measures and promote environmental enhancement. An Environmental Management Specialist (EMS) and an Environmental Technical Assistance (ETA) and a secretary staff the EMO Unit in Upala. After a slow start, this project element is now progressing as planned.

14. The Evaluators recommended:

    a. The AMV be restructured from its actual organization to a coordinating unit that could allow the NZCP a more flexible disbursement of Project funds; and
    b. The Crop Diversification Component be modified to integrate marketing and credit under unified management and extension of the Project's Assistance Completion Date for two years.

Lessons Learned

A. As with many area based integrated rural development projects, organizational structure and issues handicapped project start up. Project designers had planned for the PCO to be a decentralized semi-autonomous unit and designed manuals and fiscal plans in great detail. The autonomy idea did not materialize and the existing duplication of effort has caused unwarranted delays in implementation and made for acute moral problems for contractors and project personnel. Approximately two years were required to negotiate the agreements and contracts with public and private institutions participating in the project. Now with the identification of problems and the demonstrated will of the Project Director to help implement the necessary adjustments, there are improved prospects for achieving project objectives.

B. The Project's Environmental Management Office (EMO) has been unexpectedly successfully in fostering environmental conciousness among development institution in the area. This is credited to the professional, practical, but polite, manner of EMO office's staff.

ATTACHMENTS

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

1) Evaluation Report - Mid-Term Evaluation of the Northern Zone Consolidation Project - prepared by International Resources Group, December, 1991.

MISSION COMMENTS ON FULL REPORT

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE

The Evaluation cited a top heavy highly centralized implementation structure as a major reason for lack of implementation progress. In order to address the constraints imposed by the noted centralized implementation structure the Evaluators recommended that the AMV be restructured and be turned into the Project Coordinating Unit and therefore allow the Project as a whole a more flexible disbursement mechanism.

The Mission disagrees with the above recommendation to use the private, non-profit character of the AMV to implement the NZCP as a whole. Although the AMV had not started rehabilitating roads at the time the Evaluation was conducted, we understood the constraints under which it was operating and remained hopefull that once overcome, and with timely provision of technical assistance, the AMV would still have good institutional and financial sustainability prospects.

In light of the above noted comments, the Mission decided to consider alternate implementation options, including the dismantling of the PCO in Upala. Likewise, the Crop Diversification and Road Rehabilitation and Maintenance Components are being implemented through AID-direct HB-13 dollar grants to NGOs already established or knowlegeable of the Project area.

As a result of the negotiations undertaken with the GOCR, they have decided to suport the establishment of a new Foundation in the Northern Zone to help implement the NZCP and other development activities in the northern zone. This Foundation will take some time to establish and, until then, AID will implement the Project as described in the previous paragraph. However, provided that the Foundation has been legally established, its administrative, financial and internal control systems have been certified by the AID Controller, and it has demonstrated progress as certified by an independent evaluation, AID will grant Project funds to the Foundation, which will in turn sub-grant them to the grantee NGOs and the AMV.