

A I D EVALUATION SUMMARY - PART I

PD-ABR-359

1 BEFORE FILLING OUT THIS FORM READ THE ATTACHED INSTRUCTIONS
2 USE LETTER QUALITY TYPE NOT DOT MATRIX TYPE

IDENTIFICATION DATA

A Reporting A I D Unit Strategic Objective No 1 Mission or AID/W Office USAID/EI Salvador	B Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date FY _ Q _	C Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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D Activity or Activities Evaluated (List the rfollowing information for project(s) or program(s) evaluated if not applicable list title and date for the evaluation report)

Project No	Project / Program	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date
519 0397	Rural Equitable Economic Growth (CRECER)	June 30 1995	9/30/2000	\$15 000	\$9 802

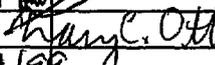
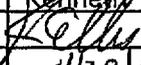
ACTIONS

E Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Res-ponsible for Action	Date Action to be Completed
Action(s) Required 1 Strengthen private sector policy capacity 2 Focus policy initiatives during remainder of project 3 Refine project management framework and monitoring system 4 Stengthen CUs governance s efectiveness and efficiency 5 Training to CUs collegiate groups with emphasais on leadership 6 Expand knowledge of the market for small loans and provide inputs to authorities to ensure that this market continues to work 7 Transmit selected information to USAID in a clear way that highlights project achievements failures and future activities 8 Continue training offered to CENTA 9 Consider a new calculation based on profit and loss statement that excludes donation from income	CRECER policy coordinator CRECER POL coordinator CRECER COP and USAID CRECER RFE coordinator CRECER RFE coordinator CRECER RFE coordinator CRECER COP and USAID CRECER RE coordinator CRECER RE coordinator with USAID approval	September 2000 March 1999 December 1998 September 2000 September 2000 December 1999 February 1999 December 1999 February 1999

APPROVALS

F Date of Mission Or AID/W Office Review Of Evaluation (Month) (Day) (Year)
Nov. 15/98

G Approvals of Evaluation Summary And Action Decisions

Name (Typed) Signature Date	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission of AID/W Office Director
	Rafael Cuellar, SO1		Ana Cristina Mejia	Kenneth Ellis
	Mary Ott, SO1TL		Ana Cristina Mejia P	
	4/29/99		4/29/99	4/30/99

ABSTRACT

H Evaluation Abstract (Do not exceed the space provided)

The goal of the mid term evaluation of the Rural Equitable Economic Growth (CRECER) activity is to determine the project's effectiveness towards its purpose and to identify actions that could be taken during the remaining period of the project to improve performance and increase the intended impact on project beneficiaries. The evaluation team consisted of three persons, each of whom was responsible for one project component: the policy analysis (POL), rural financial enterprises (RFE) and rural enterprises (RE). The intended audience of this evaluation is USAID/El Salvador, the prime contractor and subcontractors, CRECER staff and major partners in the Government of El Salvador. The major findings and conclusions are:

The evaluation team has found that since the inception of the CRECER activity, all three project components have yielded positive results within the framework of the project design. The demand for the services that are provided by each one of the project components is visible given the strong positions and expressions of support from their beneficiaries. The team feels that the project is reaching the intended sector, the rural poor, and that significant impact has been achieved in both tangible and intangible terms.

Despite its success, CRECER continues to be a project challenged by its original three component design. Each subcontractor seems to have brought its own perceptions and model to the project, and due to the way the project is managed within USAID and outside it, the overall concept for the project is weak.

From the point of view of integration, the design of the original project along the lines of three distinct components and the way it is managed at USAID and at the CRECER office emphasize the divisions and do not promote integration of the individual components. The two options for integration are that the components be maintained together under the umbrella of one implementing agency or project, CRECER, or that they be separated. Although it would be difficult to justify maintaining the components together based on the concept of integration, there should not be any doubts about the useful synergy taking place under the current arrangement. There are also economies of scale and logistical cost saving advantages by functioning as one project rather than several separate ones. In addition, it is also reasonable to expect that some need for interaction among components might arise as the individual components get closer to meeting their objectives. Also of great consideration is the possible chaos and demoralization of staff that would likely arise as a result of splitting the project at this stage in time.

The evaluation team recommends that the three components be maintained under the current structure through the project completion date given that (1) all three components are making progress and generating good results, (2) the benefits already achieved by a given component could be reduced or eliminated if the component is eliminated, (3) funding is still available in the overall project for each component.

The over-arching recommendation for the CRECER project is that an integrated information system be implemented to measure the impact of project results and the micro level using enterprise level data. The evaluation team also recommends that the programmed activities be continued to update the baseline household survey since those results will provide data on the macro impact of CRECER activities. The information system should address needs at two levels. The first is the operational level where details should be gathered on both the quantitative and qualitative impacts of each project component and be used to evaluate and monitor progress made to date and to plan for future activities. The second level involves reporting the results to USAID and to CRECER staff, which should be accomplished in a clear and concise manner. Since the reporting system needs complete redesign, the evaluation team recommends that a facilitator from Chemonics be charged with the responsibility and work in tandem with the CRECER Chief of Party and component coordinators.

For the POL component, CRECER should strengthen policy analysis capacity in private sector entities through short term technical interventions and training, and CRECER should focus the key activity areas for the policy advisors to reflect priorities and realistic targets plus give consideration to continuing the coordinator's technical assistance (This issue will be addressed by Chemonics in a separate manner).

For the RFE component, the major recommendation is that the CRECER activities be transferred to FEDECACES and that this transfer be initiated immediately (USAID and CRECER did not agree with this recommendation, no follow-up will take place). For the RE component, the team recommends that the information system described above be implemented.

COSTS

I Evaluation Costs

1 Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U S \$)	Source of Funds
Name	Affiliation			
Greta Boye, Chief of Party & RE Component Evaluator	Cargill Technical Services	27	\$74,840	Project funds
Jeffrey Nash, POL Component Evaluator	Cargill Technical Services	18		
Gustavo Gomez, RFE Component Evaluator	Cargill Technical Services	22		
2 Mission/Office Professional Staff Person Days (Estimate)		6 days	3 Borrower/Grantee Professional Staff Person Days (Estimate) 30 days	

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A I D EVALUATION SUMMARY - PART II

SUMMARY

J Summary of Evaluation Findings Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following Items

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| <ul style="list-style-type: none"> 1 Purpose of evaluation and methodology used Purpose of activity(ies) evaluated Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> 1 Principal recommendations 1 Lessons learned |
|--|--|

Mission or Office **Strategic**
Objective No **1, Economic**
Growth

Date This Summary Prepared
March 24, 1999

Title And Date Of Full Evaluation Report **Mid Term**
Evaluation of the Rural Equitable Economic Growth
(CRECER) Activity September October 1998

Introduction Evaluation of CRECER Activity to Determine Achievements Made to Date

To assist the Government of El Salvador (GOES) in reducing rural poverty and encouraging economic growth in the agricultural sector in 1995 the United States Agency for International Development (USAID) implemented a 5 year \$20 million grant agreement (\$15 million financed by USAID, \$5 million from GOES counterpart contribution) to implement the Rural Equitable Economic Growth (CRECER) activity. The activity is divided into three distinct, yet inter related components: policy (POL), rural enterprises (RE) and rural financial enterprises (RFE). Chemonics International was chosen as the prime contractor charged with overall project management. Three subcontractors were selected by Chemonics International to carry out the individual project components: the National Cooperative Business Association (NCBA) to execute rural enterprise related activities, the World Council of Credit Unions (WOCCU) to implement financial enterprise related activities and the Instituto Interamericano para la Cooperación de la Agricultura (IICA) to carry out policy related activities.

The goal of this mid term evaluation is to determine the effectiveness and efficiency of the CRECER activity implementation towards the achievement of the project purpose. At the same time, the evaluation aims to identify actions that could be taken during the remaining period of the project to improve performance and increase the intended impact on project beneficiaries. The intended audience is USAID/El Salvador, the prime contractor and subcontractors, CRECER staff and major partners in the Government of El Salvador.

Evolution of CRECER Original Project Design Presented Challenges and Opportunities

The CRECER activity was originally designed and implemented in 1995 when USAID/El Salvador was managing one large portfolio and without knowledge of the extensive reengineering process that was to take place within USAID one year later. Once reorganization was complete, a smaller portfolio was reintroduced and new strategic objectives were established. The effect of USAID's strategy was that the CRECER activity had to reorient its activities to comply with new 'results packages' since its original design was based on inputs rather than outputs. Consequently, two sets of indicators came into effect, which appear more confusing to persons outside the project than to those involved in its daily activities. The policy component of the CRECER activity seems to have benefited significantly from the change in focus since the new indicators shifted the efforts of this component away from policy dialogue and towards institutional strengthening.

The RFE and POL components were implemented as scheduled, but the RE component was delayed by about nine months due to staffing difficulties and overlap with a USAID funded NCBA project. The delay was also due to the inability by outside consultants to identify legally-formed enterprises to be included in the project component. Finally, new project outputs were developed to reflect the new type and number of beneficiary enterprises and those changes were included in the only significant project amendment made to date. The design of the CRECER activity is also unique because it stipulated that one contractor would undertake both the design and implementation of the project rather than two different contractors. This arrangement was somewhat experimental and has resulted in conflicting views. On the one hand, it allowed contractors to devote more time to the project since they were involved in both phases; in contrast, it created the possibility of a conflict of interest.

Methodology Used in Evaluation Rapid Appraisal Method

To undertake the evaluation, the so-called rapid appraisal method was chosen over formal survey methods, which are usually characterized as being highly structured and those that generate quantitative data, and informal survey methods, which usually follow no established procedures yet rely on common sense and experience. Rapid appraisal methods were considered the most appropriate method to conduct the evaluation since they fall somewhere between formal and informal methods. Key informant interviews, focus group discussions and direct observation were used to conduct the evaluation.

Overall Recommendations Integrated Information System Needed to Evaluate Monitor and Plan Future Activities

The over-arching recommendation for the CRECER project is that an integrated information system be implemented to measure the impact of project results at the micro level using enterprise level data and at the macro level using results from policy analysis. The evaluation team also recommends that the programmed activities be continued to update the baseline household survey since those results will provide data on the impact of CRECER activities at the household level. The information system should address the project needs at two levels. The first is the operational level, where details should be gathered on both the quantitative and qualitative impacts of each project component and be used to evaluate and monitor progress made to date and to plan for future activities. The second level involves reporting the results to USAID and to CRECER staff, which should be accomplished in a clear and concise manner. Since the reporting system needs complete redesign, the evaluation team recommends that a facilitator from Chemonics be charged with the responsibility and work in tandem with the CRECER Chief of Party and component coordinators. Details on the evaluation team's conclusions and recommendations for each component follow.

Policy Component Institutional Strengthening a Success but will it be Sustainable into 2001?

The CRECER project staff in this component are well qualified experienced and effective They have exercised important technical support and training activities especially within the Policy Analysis Unit (OAPA) of the Ministry of Agriculture (MAG) but with significant input into other public and private sector entities Although OAPA has qualified personnel they will be hampered by the departure in the near future (July 1999) of the component coordinator especially in relation to the areas of macroeconomic and trade policy The General Directorate of Agricultural Economics (DGEA) will need a stronger commitment by MAG to continue the information gathering and dissemination function that the project currently is providing Both the project and the policy component have been actively involved in issues that directly affect the rural poor and there are numerous examples of activities that have had tangible impact on this target population Furthermore the project has been instrumental in participating in the numerous public fora and analyzing their inputs into determining a consensual strategy for addressing rural poverty which will assist the GOES in identifying policy issues and structuring its general focus during the foreseeable future Through in service training technical analyses broad based policy advocacy, preparation of numerous technical documents (many with immediate and practical application) and participation in establishing longer term strategies and in decision making a series of actions have been accomplished with impact on general policies and institutions within the agricultural sector, and on the primary actors involved the producers and often the smallholders

The sustainability of a policy analysis capacity after the project ends is doubtful due to high staff turnover and low salaries in the Ministry even though substantial results are obvious concerning institutional strengthening The unanswered question remains about how these strategies and activities will be continued in the future

The recommendations related to the policy component can be summarized as CRECER should strengthen policy analysis capacity in private sector entities through short term technical interventions and training and CRECER should focus the key activity areas for the policy advisors to reflect priorities and realistic targets plus give consideration to continuing the coordinator's technical assistance (CRECER will address the issue of extending this contract in a separate manner therefore it was eliminated as a recommendation from the mid term evaluation)

Rural Financial Enterprises Component Excellent Start for FEDECACES Future Role

The Rural Financial Enterprise component of the project shows good quantitative and qualitative achievements in the two years it has delivered technical support to Credit Unions (CUs) The progress made during this period by CUs in improving their financial policies and management systems stands above other projects of a similar nature evaluated by the team FEDECACES' general manager believes that without CRECER it would not have been possible to have strengthened the CU's institutional capability to the extent that it has

Despite significant progress improvements are needed in several important areas ranging from governance to decapitalization of savings capital (aportaciones) The high turnover of membership and the need to put in place a more efficient and relevant project management system should be addressed Strengthening CUs is a gradual long term process

Currently the evaluation team recommends that CRECER put together a strategy for the final two years of the project and update its annual work plan The strategy should be based on transferring CRECER's functions and technologies to FEDECACES which should take overall technical leadership at an earlier date than the PACD This would reduce the risk of CU's falling into a technological vacuum at the end of the CRECER project (USAID and CRECER did not agree with this recommendation so no follow up will take place)

Rural Enterprises Component Impressive Progress Although Information System Needs Improvement

The evaluation team found that the activities of the RE component have made a significant impact on reducing rural poverty The RE component has positively affected the institutional development of the beneficiary enterprises This is due to the excellent organization and leadership of RE component staff who have initiated a fundamental shift in vision of agricultural and non agricultural entrepreneurs The evaluation team found the fieldwork to be conducted in an adequate manner and was impressed with the innovative methodology used by CRECER technicians and the content of their advisory services The evaluation team emphasizes that the project has had an important impact on the daily lives of beneficiaries as evidenced through anecdotes provided by a representative sample of project beneficiaries a review of financial statements of participating enterprises and the calculation of financial rates of return that suggest the project is cost effective It was also found that the RE coordinator has a unique understanding of the challenges facing the agricultural sector and has the ability to make a significant impact in El Salvador The major recommendation for fieldwork is that CRECER continue with its methodology that provides general business administration services supported by specific training in specialized areas of business and crop production At the same time the evaluation team recommends that CRECER continue to focus on the improvement of financial performance and the shift in vision of project beneficiaries

The recommendations of the evaluation team for improving the RE component focus on project management and communication between the CRECER office and USAID It is recommended that the component coordinator be directly involved in preparing reports to USAID

ATTACHMENTS

K Attachments (List attachments submitted with this Evaluation summary always attach copy of full evaluation report even if one was submitted earlier attach studies surveys etc from on going evaluation if relevant to the evaluation report)

COMMENTS

L Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

