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IMPLEMENTATION COMPLETION REPORT  
(SCL-42770; COFN-04200; TF-29376; TF-26731; PPFB-P2690; PPFB-P2691)

ON A

LOAN

IN THE AMOUNT OF US\$25.0 MILLION

TO THE

REPUBLIC OF ECUADOR

FOR AN

INDIGENOUS AND AFRO-ECUADORIAN PEOPLES DEVELOPMENT PROJECT

January 21, 2003

## CURRENCY EQUIVALENTS

(Exchange Rate Effective February 9, 2000)

Currency Unit = US\$

## FISCAL YEAR

January 31 - December 31

## ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CCR	Regional Consulting Committees (Comités Consultivos Regionales)
CNA	National Afroecuadorian Council (Consejo Nacional Afroecuatoriano)
CODAE	Afroecuadorian Development Corporation (Corporación de Desarrollo Afroecuatoriano)
CODENPE	Development Council for Ecuadorian Nationalities and Pueblos (Consejo de Desarrollo de las Nacionalidades y Pueblos del Ecuador)
CONAIE	Confederation of Ecuadorian Indigenous Communities (Confederación de Nacionalidades Indígenas de Ecuador)
CONFENIAE	Confederation of Indigenous Nationality of the Ecuadorian Andes
CONPLADEIN Planificación y	National Council of Indigenous and Afro-Ecuadorian Development (Consejo Nacional de Desarrollo de los Pueblos Indígenas y Negros)
EA	Executing Agencies
ECUARUNARI	Ecuador Runacunapac Riccharimui
FAO-CP	Food and Agriculture Organization-Cooperative Program
FENOCIN	Federación Nacional de Organizaciones Campesinas Indígenas y Negras
GOE	Government of Ecuador
GOPP	Goal Oriented Project Planning
IDB	Inter-American Development Bank
IDF Grant	Institutional Development Grant
IERAC	Ecuadorian Institute of Agricultural Reform and Colonization (Instituto Ecuatoriano de Reforma Agraria y Colonización)
IFAD	International Fund for Agricultural Development
IFI	Intermediary Financial Institutions
INDA	National Institute of Agricultural Development (Instituto Nacional de Desarrollo Agrario)
INEFAN	The Ecuadorian Institute for Forest, Natural and Wildlife Areas (Instituto Ecuatoriano Forestal y de Areas Naturales y Vida Silvestre)
LDP	Local Development Plan
LIB	Limited International Bidding
MOE	Ministry of Environment (Ministerio del Ambiente)
NBF	Not Bank-financed
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
OSG	Second-Tier Organization (Organización de Segundo Grado)
OTG	Third-Tier Organization (Organización de Tercer Grado)
PAD	Project Appraisal Document
PMU	Project Management Unit
PPF	Project Preparation Facility
PRODEPINE	Indigenous and Afro-Ecuadorian Peoples Development Project
PRU	Project Regional Unit
SA	Sponsoring Agencies
SENAIN	National Secretariat of Indigenous and Minority Affairs (Secretaría Nacional de Asuntos Indígenas y Minorías Étnicas)
SOE	Statement of Expenditures

Vice President:	David de Ferranti
Country Manager/Director:	Marcelo Giugale
Sector Manager/Director:	John Redwood
Task Team Leader/Task Manager:	David Tuchsneider

**ECUADOR**  
**Indigenous and Afro-Ecuadorian Peoples Development Project**

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<i>Project ID:</i> P040086	<i>Project Name:</i> Indigenous and Afro-Ecuadorian Peoples Development Project
<i>Team Leader:</i> David Tuchschnieder	<i>TL Unit:</i> LCSER
<i>ICR Type:</i> Core ICR	<i>Report Date:</i> January 23, 2003

## 1. Project Data

*Name:* Indigenous and Afro-Ecuadorian Peoples Development Project

*L/C/TF Number:* SCL-42770;  
COFN-04200;  
TF-29376; TF-26731;  
PPFB-P2690;  
PPFB-P2691

*Country/Department:* ECUADOR

*Region:* Latin America and Caribbean Region

*Sector/subsector:* Other social services (30%); Central government administration (26%); General agriculture, fishing and forestry sector (24%); General water/sanitation/flood protection sector (20%)

### KEY DATES

	<i>Original</i>	<i>Revised/Actual</i>
<i>PCD:</i> 02/02/1996	<i>Effective:</i>	09/11/1998
<i>Appraisal:</i> 12/15/1997	<i>MTR:</i> 10/01/2000	10/07/2000
<i>Approval:</i> 01/29/1998	<i>Closing:</i> 09/30/2002	12/31/2002

*Borrower/Implementing Agency:* REPUBLIC OF ECUADOR/CONSEJO DE PLANIFICACION DE DESARROLLO DE LAS NACIONALIDADES Y PUEBLOS DEL ECUADOR (CODENPE)

*Other Partners:* International Fund for Agricultural Development (IFAD)

STAFF	Current	At Appraisal
<i>Vice President:</i>	David de Ferranti	Shahid Javed Burki
<i>Country Manager:</i>	Isabel M. Guerrero	Andres Solimano
<i>Sector Manager:</i>	John Redwood	Maritta Kock-Weser
<i>Team Leader at ICR:</i>	David Tuchschnieder	Martien van Nieuwkoop
<i>ICR Primary Author:</i>	A team composed of David Tuchschnieder; Marcelo A. Romero; Jonathan W. Parker; Pilar Larreamendy and Esme Abedin	

## 2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

*Outcome:* S

*Sustainability:* L

*Institutional Development Impact:* SU

*Bank Performance:* S

*Borrower Performance:* S

	QAG (if available)	ICR
<i>Quality at Entry:</i>	S	S
<i>Project at Risk at Any Time:</i>	Yes	

### **3. Assessment of Development Objective and Design, and of Quality at Entry**

#### *3.1 Original Objective:*

The project development objective as defined in the Project Appraisal Document<sup>1</sup> (PAD), was to improve the quality of life of poor rural indigenous and Afro-Ecuadorian communities by providing improved access to land resources and financing for investment subprojects. Such objective was to be achieved through implementation by local membership organizations and communities in accordance with existing cultural values, vision of development and capacity for self-management.

The project objective was fully consistent with the Bank's Country Assistance Strategy<sup>2</sup> (CAS) which identifies poverty alleviation as a key objective of the Bank's program in Ecuador. The Project, focused on the rural indigenous and Afro-Ecuadorian people, who were included in the most vulnerable sectors of the population, as defined by the Ecuador Poverty Report<sup>3</sup>. Despite the diversity of the targeted population, the Project objective was clear and realistic, with specific and mostly attainable outputs. The project relied on a decentralized approach to implementation, so that the weak capacities of the borrower and its agencies were not over stretched. While the number of local groups responsible for implementation was very large, the matching self interest of these groups as beneficiaries, reduced risks and increased the favorable outcomes. The timing of the Project during a period of increasing social and political unrest of the indigenous movement in Ecuador, provided the borrower a key instrument for responding to this pressure. It directly supported the Government's (GOE) efforts to include indigenous peoples in national society, within the context of cultural diversity, and it empowered indigenous and Afro-Ecuadorian organizations to implement their own vision of development at the policy level and in the delivery of local services and goods.

#### *3.2 Revised Objective:*

No revision to the original objective was made.

#### *3.3 Original Components:*

The Project is composed of four original components:

##### *a) Institutional Strengthening of Local Membership Organizations and Communities:*

This component was designed to strengthen second and third tier indigenous and Afro-Ecuadorian membership organizations in the following areas: (i) subproject participatory planning, preparation, implementation, and maintenance; (ii) financial management and administration; (iii) cultural patrimony and (iv) human resources development, including basic legal training. In addition, the component included specific activities focusing on seven small ethnic groups at risk (Huaorani, Siona-Secoya, Cofán, Chachi, Tsachila, Emberá and Awá).

##### *b) Support to the Regularization of Land and Water Rights:*

This component included (i) titling and regularization of land tenure rights in selective productive, forestry and protected areas; (ii) land purchase financed by the International Fund for Agricultural Development (IFAD) and GOE; (iii) diagnosis and elaboration of an action plan for community-owned irrigation systems; and (iv) support to a program of selected legal reforms. Additionally related participating public agencies, such as INDA and INEFAN were strengthened.

*c) Rural Investments:*

This component financed demand-driven, small-scale investments and subprojects, including: (i) natural resources management; (ii) community-based economic infrastructure; (iii) social infrastructure; (iv) training; (v) technical assistance, including pre-investment studies; (vi) economic projects and (vii) micro-enterprises. Subprojects (i)-(v) were financed on a grant basis matched by community labor and municipal funds. Financing of subprojects (vi)-(vii) were made through a saving and credit program financed by IFAD.

*d) Institutional Strengthening of CONPLADEIN (National Council of Indigenous and Afro-Ecuadorian Development):*

This component was designed to strengthen CONPLADEIN (subsequently replaced during implementation by CODENPE, the Development Council of the Nationalities and Peoples of Ecuador) in the following areas: (i) financial management and administration; (ii) assistance to elaborate a program of selected legal reforms, policies and a national plan for indigenous and Afro-Ecuadorian development and (iii) establishment of a Project Management Unit and offices in up to seven sub-regions of the country.

The Project's components were directly related to the achievement of project objectives. Two of the four components provided the target group with increased access to land and investment capital, while the others strengthened government agencies and local groups' capacity to implement the project.

Project design considered the relevant lessons from previous Bank operations in the sector, applying them to each of the components. Specifically, the Project design included: i) activities to improve the policy framework, as traditionally in Latin America there have been legal and institutional barriers for indigenous and afro peoples; ii) strengthening of key institutions to develop indigenous people's social capital and technical capacity to design, implement and evaluate community development projects; iii) earmarking resources to support land and water rights and development of sufficient technical and human capacities for indigenous organizations in this politically complex area; iv) ensuring poor people access to financial and technical resources, to improve small farmers and artisans production, processing and marketing; v) improving ownership and sustainability of subprojects through a participatory planning process at local level, vi) credit, used as a tool for community development and a mechanism to develop human and social capital.

The project design was flexible enough to continue its implementation under the constitutional reform which redefined indigenous peoples rights around a new concept of indigenous nationalities or peoples. The amendment of the Loan Agreement requested by the Ecuadorian

authorities to incorporate these concept of nationalities and other minor adjustments is under review by the Ecuadorian authorities.

#### *3.4 Revised Components:*

There were no changes in the project's original components.

#### *3.5 Quality at Entry:*

Performance rating for this section is Satisfactory. The project objectives were consistent with the CAS and Government priorities. The Bank's safeguard policies were properly followed. Project design was of high quality. Assumptions about relevant external factors proved reasonable with the exception of the state of the local banking system, which collapsed during implementation. This rating was supported by the findings of a QAG review [Quality of Supervision of Risky Projects (FY00-01)] of this Project. Project design was ground breaking for the region (if not the Bank), in that it relied on a vision of ethnic identity, building on the positive qualities of indigenous cultures, with close attachments to ancestral land, including the capacity to mobilize labor and other resources to promote local employment and growth.

<sup>1</sup> The World Bank. Dec.15,1997. Indigenous and Afro-Ecuadorian Peoples Development Project – Project Appraisal Document. Report No. 17217-EC

<sup>2</sup> The World Bank, 1997. Country Assistance Strategy: Progress Report for Ecuador. Report No.97-38, March 25,1997

<sup>3</sup> The World Bank, 1996. Ecuador Poverty Report, page 55

## **4. Achievement of Objective and Outputs**

### *4.1 Outcome/achievement of objective:*

The overall outcome of the Project is rated Satisfactory. The Project improved the quality of life of many poor rural indigenous and Afro-Ecuadorian communities, or it helped to diminish the negative impact of the economic crisis (para. 5.2) on them. The inclusion of indigenous and Afro-Ecuadorian organizations at the local, regional and national level in the identification and implementation of priority demands, produced positive economic and social impacts on the target population, as well as an enhanced social capital, which should help sustain these processes in the future. By playing a key role in managing Project implementation, these social organizations increased their visibility in Ecuadorian society and tested their capacities in finding concrete solutions to the problems of their members.

In general the Project has produced a qualitative change in many of the Afro-Ecuadorian and indigenous communities, which have increasing confidence in their abilities to improve their future. The project helped to encourage the democratic inclusion of Afro-Ecuadorian and indigenous peoples in the state, and the participatory approach used, has proven to be an important vehicle for decentralization and social empowerment for their communities. The Project showed a cost-effective way to improve the delivery of social services even in the most remote areas of the country, and restored some of the credibility lost by government in the intervening crisis. CODENPE is developing into a creditable political institution and its PMU is generally recognized as a capable technical partner for these groups to develop other programs in the future. The team decided not to provide a Highly Satisfactory rating to the Project due to a shortfall in the provision of counterpart funding from GOE, which affected land purchases in



particular.

#### *4.2 Outputs by components:*

##### *Component 1: Institutional Strengthening of Local Membership Organizations and Communities:*

The overall achievement of this Component is rated Satisfactory. The Component objective was to strengthen the capacity of local indigenous and Afro-Ecuadorian organizations to participate in the formulation of state policies, participate actively in local development projects, and carry out specific functions as service providers to their members, especially the promotion of inter-culturalism, representation in external agencies and technical assistance to grassroots organizations. Under the Project, 241 second tier organizations (OSGs), third tier (OTGs) and Indigenous Nationalities Organizations were supported and 212 development plans were formulated at the local level, 19% more than expected at appraisal. Overall, 207 indigenous and Afro-Ecuadorian organizations, were equipped with office and technical equipment, representing an output 31% higher than the number estimated by appraisal.

So far 67 “licenciados” and 335 “bachilleres” have been graduated, and 646 local technicians have been trained, representing, 74.4%, 139.6% and 133.5% of the number estimated at appraisal, respectively. Many of those selected for scholarships were already leaders in their communities and used this opportunity to strengthen their capabilities. Others have been able to assume such roles as a result of this experience. The rest work with OSGs, OTGs or non-governmental organizations (NGOs) as technicians in subprojects. There has been some questioning of the way in which beneficiaries of scholarships were chosen, particularly given the large, unsatisfied demand for this line of financing. Of the total graduates 43% are women. In addition, 559 persons are presently engaged in various levels of formal education: 480 in “licenciaturas” and 79 in “bachillerato”. The Project also financed the education of 69 postgraduate professionals, not planned at appraisal.

Regarding cultural outputs, the Project printed 10 publications, doubling the output established at the appraisal; prepared 8 videos, 50% of the total estimated; supported 97 cultural events, more than twice the number assigned in the appraisal. The cultural patrimony events (concurros) planned at appraisal were canceled after 6% were carried out, because the Project did not have the management resources to ensure their success. The project supported 10 cultural seminars, one cultural fair, 4 intercultural exhibits, 8 cultural diagnosis and supported 15 cultural music groups. Additionally, the Project financed 3 gender studies and trained 20 gender promoters, neither foreseen at appraisal. These gender activities were added at the midterm review to address the lack of focus on gender issues during project design.

The specific actions to strengthen the seven small ethnic groups in danger of extinction were partly carried out as planned. The activities proved difficult, as by their very nature such groups were remotely located, geographically dispersed and had the weakest capacity. The Project's design, strongly influenced by the reality of highland nationalities and peoples, proved difficult to adapt to these lowland groups. Some refused to participate fully given a history of discrimination and distrust. With project support other groups were able to publish dictionaries and alphabetization charts of their native language and to prepare and implement local development plans. As a direct result of the Zaparo nation strengthening activities, it received an international

award from UNESCO, declaring its language as oral and intangible patrimony of humanity.

To measure the impact of institutional strengthening activities on the target indigenous organizations, a study<sup>4</sup> was completed in April 2002 to compare their evaluated institutional capacity at that time with the results of a census of OSGs and OTGs working with the Project, developed in 1998<sup>5</sup>. The study analyzed five indicators to measure the institutional strength of these executing agencies (EAs): human resources, managerial capacity, cooperation and conflict resolution, and links or external relations with the community, indigenous organizations, local governments and NGOs. The results showed that 12.9% or 31 organizations, had obtained a relatively strong level of strengthening; 126 EAs, representing 52.3% of the total had a medium level; 71 or 29.5% of the EAs were moderately weak; and 13 or 5.4% of the EAs were weak. Most of the weaker organizations were new entrants to the Project. EAs demonstrated the most capacity in cooperation and conflict resolution, followed by managerial capacity and organizational culture. By stressing the importance of adopting proper accounting and reporting methods, the Project helped OSGs improve their capacities to manage funds transparently. Considering the large number of indicators analyzed in the April 2002 survey and the high degree of cultural diversity of the EAs, which had generated different working styles and different levels of organizational consolidation, the study results combined with the higher than expected outputs for this component, were the primary justification for the Satisfactory rating.

*Component 2: Support to the Regularization of Land and Water Rights:*

The overall achievement of this Component is rated Satisfactory. The objective of the Component was to provide improved and more secured access of the targeted population to land and water resources. On completion, the Project will have supported the preparation of 71 management plans for sustainable development, a prerequisite for obtaining a land title, 77% more than the appraisal performance indicator. The outcome for land titles adjudicated was achieved. Though only 30% of the appraisal target for *number of titles* transferred was achieved, this effort benefited 93 indigenous and Afro-Ecuadorian *organizations*, 16% more than planned at appraisal, representing a population of eleven thousand (there were no targets in this respect). The project transferred 253,076 hectares of land, 58% higher than the appraisal estimate. Some 84% of the land transferred was located in Amazonia with 10% in the coastal region and 6% in the highlands. While the appraisal correctly identified the issues and challenges to meeting the transfer objective in national parks and other protected areas, it underestimated the time necessary to amend the Forestry Law, due to increasing political (environmental interest groups, oil companies) resistance to transfers. As a result there was no land titled or transferred in protected areas. As envisaged, 160 community paralegal assistants were trained in community organization, land legalization, preservation of natural resources, and community tourism, indigenous rights and conflict mediation. Additionally 1080 ha. of land was prepared for future transfer. The only private land purchased under the Project, was financed by IFAD, and involved 634 hectares, benefiting 8 organizations in the highlands region. GOE's planned land purchases did not occur for lack of counterpart funds.

The Project achieved its program of legal reforms for land titling. It supported the preparation of the draft bill to propose the Special Law for the Conservation and Sustainable use of the Biodiversity in Ecuador. It would allow the adjudication and titling of ancestral possession lands,

located in restricted or protected areas, to nationalities, indigenous and Afro-Ecuadorian people. The draft bill is in the Presidency and National Congress, waiting for approval. The Project also helped GOE (Ministry of the Environment and INDA) to regulate the procedures for the approval of Integrated Management Plans for land adjudications; and to codify the procedures and parameters for titling ancestral lands and the preparation of socio-historic ancestral studies required.

Regarding access to water resources, the Project supported the preparation of a diagnosis study and an action plan to improve community-owned irrigation systems. Though the appraisal planned to include 80 OSGs in this process, the PMU was only able to cover 40 OSGs with 458 irrigation systems (2,647 km). This represented only about 50% of the target defined by appraisal. The shortfall was due to poor performance by the PMU and lack of funding from GOE. Although there were no targets in these respects, the activity actually benefited 793 communities, 34,117 people and identified subprojects valued at US\$31.5 million. Future activities will incorporate 70 new OSGs and 726 irrigation systems, work which is proposed for the second phase of the Project.

#### *Component 3: Rural Investments:*

The overall achievement of this Component is rated Satisfactory. The Component objective aimed to increase access of indigenous and Afro-Ecuadorian communities to services and markets and to diversify and/or intensify rural production. At the regional level there were 160 second tier organizations (OSGs) which represented their community groups, either indigenous or Afro-Ecuadorian. These OSGs played a key role by implementing subprojects for their communities. In this regard, the Project, was able to provide (six months before closing) grants for 654 rural investment subprojects, 82% of the target defined by the appraisal. The shortfall was caused by lack of Project financing to continue the program. So far 518 (79%) subprojects have been concluded and the total investment generated by these subprojects including community contribution was US\$16.6 million. There are 123 subprojects worth US\$7.3 million, which have been prepared but cannot begin implementation, until further financing is obtained. Additionally there are still about 1800 subproject ideas worth an estimated \$150 million which could be considered for future financing, if the proposed PRODEPINE 2 Project has an investment component.

Of the subprojects financed, 50.4% were for social infrastructure; 40.4% for community productive infrastructure and 8.1% for environment and sustainable management of natural resources. Social infrastructure investment was primarily for classrooms, shelters, dining areas, and drinking water systems. Main activities financed under community productive subprojects, were irrigation systems, agro-industry, stone paved roads and greenhouses.

The investment financed by the component benefited 62,644 families, 57% higher than the number estimated at appraisal. They were located in 103 cantons. Component activities had an impact on 26% of the total indigenous and Afro-Ecuadorian population and 33% of the grassroots organizations which represent them. Beneficiaries were represented by 1,582 grassroots organizations, out of which 69.3% were affiliated with CONAIE, the largest indigenous organization, 16.2% were Afro, and 7.3% affiliated with FENOCIN, the National Federation of

Organizations of Indigenous and Afro Campesinos. Twelve nationalities within Ecuador benefited from this component. The Kichwa, making up 77% of the target population, received 67% of investment. Afro made up 6.5% of the target population and received 13% of the investment. The Shuar who made up 3% of the target population received 9% of the investment. Although Afro-Ecuadorians lost political representation in CODENPE when it was created, this target group did not lose access to Project services and financing for subprojects.

In January 2001, the results of an environmental audit<sup>6</sup> of a representative sample of 43 subprojects, indicated that the type and nature of the subprojects did not pose adverse environmental impacts. The audit found that 81% of the subprojects were properly categorized; 28% had applied successfully the environmental mitigation measures designed; and 48.8% were without impact to the environment. These results prove that a highly decentralized, beneficiary-driven project can apply the environmental safeguards successfully.

To estimate the economic benefits of the supported subprojects, a representative sample of 50 subprojects was recently evaluated in depth by the CESA Consulting firm under FAO-CP supervision<sup>7</sup>. In broad terms, the preliminary results of the evaluation lead to the following inferences: on average 73% of resources required for subproject investments came from PRODEPINE and 27% from beneficiary communities; 95% of subprojects directly addressed priority needs of communities; 40% of subprojects needed budgetary increases to face price adjustments during implementation; 85% of subprojects are currently in operation; 75% of subprojects have clear responsibilities assigned; 80% of subprojects were in fact identified by the communities themselves or with the support of OSG's; communities express satisfaction with investments executed and services generated for 75% of subprojects. However in general terms the major shortfalls included: fluctuating community involvement during the subproject cycle; technical design not always appropriate to the social and environmental conditions; lack of clear mechanisms to ensure the accountability of OSGs to their constituent communities; and technical assistance was not always appropriate, opportune and sufficient during start-up operations.

Implementation of this component was highly regarded by the indigenous and Afro population. It provided their organizations with the means to help communities execute their prioritized investments. The component mobilized significant labor time by all beneficiary communities which was provided under reciprocity mechanisms, thus reinforcing social capital and providing for its application to the delivery of goods and services. Subproject implementation was generally accompanied with a great sense of pride and ownership, which bades well for the future sustainability of the investments.

This ICR does not include the Rural Financial Services Program financed 100% by IFAD and which forms part of this component. This Program was stalled by the country's banking crisis, and its activities were delayed for almost three years. Accordingly IFAD has extended its program's Closing Date until March 2004. The evaluation of this credit program would be covered in the ICR for the proposed PRODEPINE Phase 2 Project, which is under preparation.

*Component 4: Institutional Strengthening of CONPLADEIN/CODENPE:*

The overall achievement of this component's objectives and outputs is rated Satisfactory. The

component objective was to enable the GOE to better formulate and execute policies and programs directed to the indigenous and Afro-Ecuadorian population.

The GOE in March 13, 1997, created CONPLADEIN as a ministerial level public institution, ascribed to the Presidency of the Republic, to formulate policies, plans, coordinate and implement the development of indigenous and Afro-Ecuadorian peoples. Later, on December 11, 1998<sup>8</sup>, in order to include the changes adopted in the New Constitution regarding the definition of nationalities, the GOE created the *Consejo de Desarrollo de las Nacionalidades y Pueblos del Ecuador*, CODENPE, which replaced the former Council. To attend Afro-Ecuadorian issues, the GOE created the *Corporación de Desarrollo Afroecuatoriano*, CODAE<sup>9</sup>. Both public organizations were supported by the Project. CODENPE is fully operational and played a key role in the dialogue between indigenous people and the GOE. On the other hand, CODAE started to operate only towards the end of the Project, due to political disagreements between Afro-Ecuadorian organizations and lack of government funding. Afro-Ecuadorians representation in the Project was led by the National Afro-Ecuadorian Council (CNA), the country's largest Afro-Ecuadorian organization, which participated in the Consultative Committee of PRODEPINE.

As expected, this component supported the preparation of the National Indigenous Development Plan, which after the validation at community level is ready to be approved by the National Council of CODENPE. It also completed 114 workshops, mainly related to the preparation of proposed laws, 63% higher than the estimated by appraisal. Also, 14 public fora were implemented compared to the 10 expected at appraisal. To support the decentralized administrative functionality of CODENPE, seven regional offices were established and equipped as anticipated. CODENPE's use of project funds has obtained a timely and clean audit opinion for each year of operation.

This component's support for a program of legal reforms on indigenous and Afro-Ecuadorian issues was modified during implementation to accommodate the new priorities of the Constitutional Reform. Most of the original outputs planned were achieved: (a) the Nationalities and *Pueblos Law* which was presented to the Congress for approval; (b) a law recognizing traditional health systems; and (c) several laws protecting indigenous cultures. In addition to the expected outputs it also prepared laws or regulations concerning childhood and adolescence, judicial administration, bilingual education, and public participation.

#### *4.3 Net Present Value/Economic rate of return:*

The appraisal (PAD) provided economic and financial analyses for the Rural Investment Component, which originally made up US\$26.7 million (53%) of project costs. During appraisal the analyses were based on an evaluation of 28 subproject models developed by FAO-CP for the Project. The combined analyses of the 28 models yielded an ERR of 38.5% and a NPV of US\$47.5 million. For the ICR, CESA Consultants, under the supervision of FAO-CP, completed an operational and economic evaluation for a representative sample of 50 subprojects using a similar methodology. The results of this work are provided in Annex 3 to this ICR. When the direct and indirect benefits of this sample are applied to the US\$16.6 million actually invested, an ERR of 33% and a NPV of US\$23.4 million can be assumed. The calculations demonstrated that

this component of the Project has probably produced very positive economic impacts, though less than assumed at appraisal, even with the economic and political shocks which occurred during implementation.

#### *4.4 Financial rate of return:*

The PAD also estimated a weighted average FRR of 34.8% for the 28 subproject models. The sample evaluated (31 revenue generating subprojects) for the ICR yielded an FRR of 49%.

#### *4.5 Institutional development impact:*

The Project had a major development impact by financing the creation and strengthening of CONPLADEIN and its successor, CODENPE. The latter is the indigenous peoples' national intermediary with the Government, and its executive secretary is accorded cabinet rank. It now has demonstrated, with the help of its PMU, capabilities to prepare draft laws and national development plans, and to administer complex development projects. At a lower level the project had an equally important impact with OSGs and their communities. The TA support provided these groups, both indigenous and Afro-Ecuadorian, with the skills in participatory planning and subproject management to complete and operate their investments. Perhaps most importantly the Project was able to convert a general protest mentality within the target groups to genuine concern for development. It created linkages to local governments and introduced many people to these political processes. The Project provided GOE with a timely response to public protests and unrest, while developing or reinforcing a culture of administration of resources with accountability, controls, and deliverables. In short, the Project helped separate political discussions from technical ones.

<sup>4</sup> Fundación Heifer Ecuador, April 2002. *Las capacidades de las Organizaciones Indígenas y Afroecuatorianas de 2o. y 3er. Grado: Resultados del Censo de Entidades Ejecutoras de PRODEPINE e Índice de Fortalecimiento Institucional*

<sup>5</sup> Coronel, Rosario, 1998. *Censo Nacional de Organizaciones Indígenas y Negras e Índice de Fortalecimiento Institucional*, PRODEPINE, Quito, Unpublished; and Ramón, Galo, 1998. *Informe de los resultados de la Consultoría sobre el índice institucional de las OSGs, OTGs y Nacionalidades*, PRODEPINE, Quito, Unpublished

<sup>6</sup> Corporación OIKOS. 2001. *Auditoría Ambiental a la Cartera de Subproyectos Financiados por el PRODEPINE: Informe de Verificación y Evaluación Ambiental de los Subproyectos*

<sup>7</sup> CESA-ECLOF. 2002. *Evaluación de Impactos de Subproyectos Públicos*

<sup>8</sup> Decreto No.386 publicado en el Registro Oficial No.86 del 11 de Diciembre de 1998

<sup>9</sup> Decreto No. 1747 publicado en el Registro Oficial No.381 del 10 de Agosto de 1998

## **5. Major Factors Affecting Implementation and Outcome**

### *5.1 Factors outside the control of government or implementing agency:*

During the project implementation period, Ecuador went through a severe economic crisis, partly caused by a drop in world petroleum prices. Additionally, natural disasters such as El Niño flooding and volcanic eruptions negatively impacted economic growth. A border war with Peru, political instability (three governments in two years) and civil disturbances also characterized the period. After a short-lived coup in January 2000, led by indigenous groups and army officials, the succeeding government dealt more carefully with indigenous issues. These circumstances might have indirectly benefited the Project, by raising governmental commitment to the indigenous sector, as demonstrated by the promotion of CODENPE's former Executive Secretary to Minister of Social Welfare. Nevertheless, the fiscal deficits, financial crises and macroeconomic

problems, tended to capture government attention and priorities.

*5.2 Factors generally subject to government control:*

The achievement of project objectives was most negatively impacted by the country's economic crisis, created mostly by poor macro-economic policies. This resulted in hyperinflation, collapse of the banking system, massive bankruptcy in the private sector and the country's default on its foreign debt. In response, implementation of the IFAD financed rural credit component of the Project had to be delayed for almost three years. GOE was unable to provide the required counterpart funds in a complete and timely manner.

During project implementation there was a reform of the country's Constitution to among other things, extend special rights to indigenous peoples (nationalities) and Afro-descendants. This created an enabling environment for these groups' development that confirmed the objectives and methodology of the Project. On the other hand the legal concept of "nationalities and peoples" was used by CONAIE, CODENPE and sometimes the GOE as a tool to try to exclude from the Project groups not strictly organized by ethnic "nationality", such as indigenous people organized by religious affiliation or by economic or social class like Campesinos. This approach was opposed by the Bank, as it ran counter to the inclusive and participatory principles on which the Project was designed.

*5.3 Factors generally subject to implementing agency control:*

The high degree of cultural diversity and the different levels of organization and political influence attained by interest groups, participating in the Project, produced coordination problems and political struggles to define composition and control of the Project's managing council and its Management Unit (PMU) in CODENPE. In general there was a relatively slow decision making process at all levels of management, due to the indigenous culture, which requires a long consultation with the stakeholders to resolve any important issue. On the other hand this situation produced a strong commitment by beneficiaries to the Project's objectives and was primarily responsible for the Project's successful results. The PMU was able to set up and manage a good accounting and control system, which permitted clean audit opinions for each year of project implementation.

*5.4 Costs and financing:*

The Borrower and the Bank agreed that because the Project had used 88.8% of the loan proceeds, it would be appropriate to prepare an advanced ICR for the project, with an evaluation of results obtained as of June 30, 2002. As is indicated in Table 1 below, as of this date, the Project had used US\$30.5 million or only 72% (not counting the US\$7.5 million IFAD Rural Credit Program) of the total project costs estimated at appraisal. The Project's financing plan is shown in Annex 2. Counterpart funds provided by GOE amounted to only US\$1 million, or 17.9% of the appraisal estimate. GOE's inability to provide US\$4.6 million in counterpart funds had a most negative impact on the first two components. Expenditures under Component 2 only amounted to 25.5% of the appraisal estimate. Communities receiving investment grants under Component 3 slightly exceeded their counterpart-financing requirement of 20%. IFAD provided its co-financing in a timely manner: US\$6.3 million, primarily to finance grants for subprojects in Component 3. The Project's Closing Date was also extended three months to December 31, 2002 to allow completion of those activities which still have unused external financing of about US\$4

million.

**Table 1. Comparison of Cost at Appraisal and Actual Expenditures in US\$ million**

Components	Cost at Appraisal	Expenditures at 06/30/02	Actual/Planned %
Institutional Strengthening of Local Organizations & Communities	7.1	5.6	79.0
Regularization of Land and Water Rights	5.1	1.3	25.5
Rural Investments	14.9	14.8	99.3
Institutional Strengthening of Conpladein/Codenpe	7.3	7.7	105.5
Project Preparation Facility	1.4	1.1	78.6
Contingencies	6.7		
<b>TOTAL</b>	<b>42.5</b>	<b>30.5</b>	<b>72.0</b>

## **6. Sustainability**

### *6.1 Rationale for sustainability rating:*

Sustainability of the Project is rated likely.

The Project is likely to maintain its achievements relative to its objective for the following reasons: i) the Project design reflects the demands of the indigenous and Afro-Ecuadorian peoples of Ecuador and responds to their long term development agenda; ii) the Project has been largely appropriated by the beneficiaries who have contributed almost all the local counterpart; and iii) most communities' capacity for self development has increased. Sustainability of subprojects financed under the Project is likely, due to the high degree of participation by communities in identification, preparation, contracting and implementation, which enhances ownership. Also, the contribution by beneficiaries of the required counterpart funds, ensured completion of their subprojects and should encourage their finance of recurrent maintenance costs. Most of the communities participating in the Project successfully formulated local development plans and implemented their subprojects. They should have improved bargaining capacity with national development institutions, by providing these institutions with their own organized set of priorities and vision of development. At the political level CODENPE has developed into a capable institution with improving capacities to represent the interests of indigenous peoples, though its capability to manage large development projects will be largely dependent on PMU consultants. It is now attracting other financing from IFAD, European Union and Spain, and GOE intends to fully finance CODENPE's core personnel in the future. GOE has requested the Bank for a follow up operation to reach more communities and to consolidate and enhance the accomplishments of those which participated in the first PRODEPINE.

### *6.2 Transition arrangement to regular operations:*

The Project will continue to operate for six months, up to the end of 2002. This period will be used to finalize pending activities, especially in the Rural Investment Component. The Rural Financial Services Program, supported by IFAD, will continue for an additional two years under the auspices of the proposed PRODEPINE II. The latter will be the primary vehicle to consolidate the accomplishments of the first project. CODENPE should continue to monitor the



performance of a representative sample of subprojects from PRODEPINE I to gain additional lessons on how to ensure their sustainability. The project management capabilities of CODENPE will be difficult to sustain, unless it can internalize the skills of the consultants who make up the PMU. For this reason the design of the second project should consider whether the key management and staff of the PMU should be retained as permanent employees. Project preparation should also explore how the Constitutional concept of “Nationalities and Peoples” can be accommodated and whether a new project should continue to use regional offices and pursue the principle of inclusion for all indigenous groups. Preparation of a new project should include a reevaluation of the options for providing indigenous people with long term access to land in protected areas, until legislation to grant ownership rights in such areas is passed.

## **7. Bank and Borrower Performance**

### **Bank**

#### *7.1 Lending:*

The Bank’s overall performance in identification, preparation and appraisal is rated Satisfactory.

The Bank’s performance for identification is rated Highly Satisfactory, as the Project was focused on the development needs of the most vulnerable sectors of the population, so it was highly consistent with the CAS emphasis on poverty alleviation and with Government development priorities. The identifying vision of “ethno-development” challenged the conventional approach to the misconceived regional “indian problem”. It was a ground-breaking attempt to use indigenous culture’s positive qualities to promote local employment and growth. The willingness of the GOE and Ecuadorian society to follow this vision was properly recognized by the identification team as a unique opportunity to address local development issues in a completely new context.

The Bank’s performance in assisting the Borrower with preparation and appraisal is rated Satisfactory. Bank management recognized the unconventional aspects of the project concept and assigned the region’s most qualified staff and consultants, with an emphasis on social and anthropology skills. The Bank’s Legal Department assigned a specialist on indigenous peoples’ legal issues to support the team for the life of the project. Project design was kept simple, with four specific components, directly related to the development objectives. The lesson learned from previous projects on the importance of beneficiary participation became the essence of project design and preparation. A Project Preparation Facility and Trust Funds were used to finance pilot subprojects for the Rural Investment Component to develop the ground-breaking concepts and procedures which would prove such a success during project implementation. As a result project preparation took two full years.

The Project followed applicable Bank safeguard policies and all financial management and procurement requirements were met. No specific targets or activities for gender inclusion were part of the project until the Mid-Term Review, when studies and training in this subject were added. Performance indicators were properly designed for most activities. The only one that proved clearly unrealistic involved outputs for private land purchase and water resources. While the appraisal correctly analyzed the issues and challenges for this component, it underestimated the time and effort needed to achieve its outputs. More importantly these activities had to be curtailed due to lack of GOE financing. The coordination with IFAD, financier of the Rural Credit

Program, was very good. The appraisal could not realistically have foreseen the various negative impacts listed in para. 5.1 above, but the Project's design and reliance on its beneficiaries for implementation, permitted it to succeed anyway.

*7.2 Supervision:*

The Bank's supervision of the Project is rated Satisfactory.

The Project enjoyed continuity (identification through two years of supervision) of core Bank staff who provided a strong skill set and the highest regard for development impact. Missions were well staffed and with the exception of FY 2001 were timely. A local anthropologist in the resident mission was made a permanent member of the supervision team to deal with day to day problems in the field. All these elements played a key role in gaining and maintaining the confidence of counterpart officials and beneficiary communities. Implementation progress was closely monitored on a continuing basis using the key performance indicators, and proactive solutions were found when problems were identified. Financial, procurement, environmental and operational impact audits were used on a regular basis to assure that the Project's objectives were achieved and the Bank's Safe Guard Policies were followed. PSR ratings were accurate and timely. Bank staff worked closely and well with partners such as IFAD and FAO-CP.

In light of the diverse cultural and political interests of the beneficiary groups in the Project, special attention was given by Bank staff to ensuring that decision making at the various levels of implementation did not favor one group over another. When GOE and CODENPE interpreted the Constitutional reform as providing the grounds to exclude some indigenous groups (para. 5.2) from access to the Project, the Bank insisted that all groups should continue to have access to project services and investment. When attempts were made by a powerful indigenous group to replace PMU staff for political reasons, the Bank insisted that decisions could only be based on technical criteria. This position permitted the PMU to maintain the continuity of its staff to the benefit of project implementation. Afro-Ecuadorian access to the Project was maintained despite their losing representation in the newly formed CODENPE. The Bank also supported the formation of CODAE to represent this group.

OED included this Project in its review of "Quality of Supervision of Risky Projects FY00-01". Overall it rated the supervision effort for this Project as Highly Satisfactory. Its only reservation was a criticism of Bank Management's handling of the budget in FY 2001, when it appears that a cut in the supervision budget for this Project severely reduced the activities of HQ staff, while at the end of that year there were excess resources that went unused.

*7.3 Overall Bank performance:*

The overall performance of the Bank is rated Satisfactory.

**Borrower**

*7.4 Preparation:*

The Borrower's performance in project preparation is rated Satisfactory.

GOE's priority for the Project and its commitment to Project objectives was strong from the beginning. GOE's National Secretariat of Indigenous and Ethnic Minority Issues (SENAIN)

played a key role in identifying the Project. It sponsored the creation of a coordinating group known as the Committee of the Decade of the Indigenous People ( after the U.N. Declaration of the same name) and organized a series of workshops to prepare an initial project proposal. GOE's desire to address indigenous issues, though in response to increasing political pressure , was sincere and manifested itself in timely creation of CONPLADEIN (replacing SENAIN) and its location under the Presidency's General Secretariat of Administration.

Despite the additional time and complexity of coordinating so many interested groups, GOE always supported a participatory preparation process. This created a sense of ownership among stakeholders, which insured the Project's success. It selected a quality team of local consultants for preparation work. Based on the groundbreaking nature of the Project, it requested a PPF and undertook an extensive series of pilot subprojects to develop the criteria and procedures for efficient implementation. These arrangements allowed the Project to get off to a rapid start and to maintain its schedule, despite the distractions of the economic and political crisis. While the lessons learned from these pilots were invaluable for successful implementation, the diversity of indigenous and Afro-Ecuadorian cultures, made it difficult to transfer procedures from one to another. In hind sight, GOE may have over-relied on a "one size fits all" approach in a multicultural situation. Its preparation for dealing with the financial, procurement, social and environmental elements of the Project was satisfactory.

#### *7.5 Government implementation performance:*

*Government's performance during implementation is rated: Satisfactory*

GOE took a very positive decision for the Project, when it gave CODENPE (successor to CONPLADEIN) and its PMU operational autonomy. The indigenous groups (primarily CONAIE) nominate the Executive Director and GOE appoints a minority of management council members. This arrangement increased indigenous peoples' ownership and commitment and made CODENPE unlikely to have its management changed in response to political changes in government. On the other hand GOE was slow to create an institution to replace CODENPE for Afro-Ecuadorians, who were less well organized and perhaps enjoyed less political power. GOE successfully implemented the PPF on schedule. Due to the country's severe economic and financial crisis, GOE was only able to provide 18% of its obligation for the Project's financing plan. Its counterpart funds were provided only to cover tax obligations and pari-passu disbursements. Project activities requiring higher financing percentages such as land purchase, water resource studies and titling of productive lands had to be curtailed as a result. However this shortfall did not hold up implementation of the Rural Investment Component, as beneficiaries made contributions exceeding the local counterpart budgeted at appraisal.

#### *7.6 Implementing Agency:*

The Project Unit (PMU) performance in implementation is rated Satisfactory.

The PMU was able to maintain the continuity of its technical staff and demonstrated for the most part, effective management of the Project throughout implementation. To reduce political interference in hiring decisions, staff were identified and selected with the help of a specialized personnel agency according to clearly agreed technical criteria. Management and staff shared the project vision and its emphasis on beneficiary participation at all levels. The PMU carried out

performance monitoring and impact evaluation on a regular basis. The unit complied with the Bank's Safeguard Policies. The PMU maintained accounts properly at seven regional offices and consolidated them at headquarters with clean audit opinions delivered in a timely fashion.

Nevertheless there should have been better coordination and cooperation between the PMU and CODENPE. As the former was staffed with consultants and was in operation before the latter was created, the PMU management was usually trying to protect its prerogatives from encroachment by the superior policy and political authority, CODENPE. This situation caused friction and sometimes slowed down implementation.

#### *7.7 Overall Borrower performance:*

The overall performance of the Borrower is rated Satisfactory.

### **8. Lessons Learned**

The main lessons learned with this project, can be summarized as follows:

- An ethnic vision of development, which builds on the positive qualities of indigenous cultures, including a sense of ethnic identity, to mobilize labor and capital can be an effective vehicle for promoting local employment and growth;
- Any successful model of “development with identity” must overcome a traditional basic-needs approach and must facilitate opportunities to generate wealth through productive initiatives based on the culture;
- An integrated participatory approach, applied at grassroots level, can create in beneficiaries a sense of ownership and responsibility for self development; yet the sustainability of public infrastructure will ultimately depend on the availability of public budget resources to maintain it;
- A project design which emphasizes decentralized implementation is crucial for successfully dealing with ethnic and cultural diversity of beneficiaries. In such instances the design cannot rely on “one size fits all” methodologies, but procedures should be tailored to different cultures, types of organizations and settings;
- Piloting implementation procedures should speed up project implementation and improve results;
- The concept of social capital and the notion of community, when applied to development issues, should be tempered by the reality of differing income levels and personal interest imperatives;
- Participation and social capital do not guarantee the absence of discretionality; for example when administering scholarship programs, care must always be taken to design checks and balances in the selection process to reduce favoritism and co-opting by elites; also the social mechanisms of reciprocity do not seem to extend easily into the management of micro-enterprises;
- A project focused on empowerment should monitor in a systematic way how its own inputs may affect the relationships between communities and their higher level organizations, because when the latter handle implementation they should remain accountable to their members;
- One of the crucial elements in successful implementation of small investment subprojects, is to ensure that training of beneficiary groups is provided in the right sequence and in a timely manner;

- Participatory planning can increase the capacity of beneficiaries to define and implement their own vision of development and such plans can provide communities with a key instrument for negotiating priorities with government development agencies and donors;
- There is a trade-off in community procurement between lump-sum, fixed price contracting and fully-documented subcontracting. The former delivers the investments more simply and effectively, while the latter increases paperwork and field supervision, but provides an incentive to strengthen formal organizational capacities;
- The transfer of land in environmentally fragile protected areas may require an accommodating legal framework which confirms the unique access to those lands by indigenous and Afro-Ecuadorian communities, based upon ancestral rights;
- In order to have a more comprehensive approach to inclusion, attention should be given to gender differential issues during appraisal.

Given the rich and varied experiences that can be derived from the implementation of this Project, the Bank will carry out a study to fully document, examine and capitalize the lessons learned.

## 9. Partner Comments

(a) Borrower/implementing agency:



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(b) Cofinanciers:

He revisado el ICR preparado para el préstamo del Banco para el proyecto PRODEPINE y me parece que refleja bien el estado del proyecto y los avances alcanzados por el mismo.

Hay algunos puntos menores en los puse mi atención los señalo por párrafo:

4.2 No estoy seguro si patrimony events, bajo la modalidad de concursos, no deberían llamarse contests. En el mismo párrafo el tema de haber evitado la extinción del Pueblo Zaparo me parece de un valor incalculable y la pregunta que tengo es ¿qué más podríamos hacer en este sentido? (i.e en la Amazonía peruana se han perdido 11 Pueblos para siempre en los últimos 40 años).

5.1 Habría que mencionar la terrible hiperinflación y las consecuencias traumáticas de la dolarización total de la economía y sus fuertes efectos erosivos sobre los servicios financieros y los negocios de los más pobres (de hecho perjudicaron fuertemente a las primeras Cajas Solidarias).

5.4 Cuando se habla de IFAD Rural Credit Program yo preferiría que se trate como IFAD Rural Financial Services component. Es mas el FIDA nos solo a financiado este componente; por ejemplo financió al 100% el de compra de tierras y valdría la pena aclarar mejor las contribuciones del Fondo a las diversas partes del proyecto.

6.1 Al Final cuando se habla de España y EU podría indicarse que el FIDA podría tener interés para una segunda fase.

La sección que queda débil es la de lecciones ambas instituciones están aprendiendo bastante mas de lo que se señala allí.

Un tema que interesa particularmente a FIDA es tener estrategias y mecanismos diferenciados para los diferentes Pueblos y muy en particular para Amazónicos frente a los campesinos indígenas alto andinos. Con respecto a los Afro ecuatorianos también se requiere desarrollar especificidades. Ni todos son iguales, ni la sociedad ecuatoriana gana con un tratamiento homogenizante. Dicho en otras palabras el proyecto PRODEPINE ha demostrado la viabilidad de luchar con éxito contra la pobreza de los Indígenas y minorías en Ecuador. Pero lo que no se ha hecho aun es mostrarle a la sociedad Ecuatoriana que sus Pueblos y Nacionalidades generan riqueza para el conjunto de la sociedad a través de sus negocios, sus artes, su manejo de sitios arqueológicos, su música, sus textiles, sus formas de manejo del territorio, su conservación de la biodiversidad, su culinaria, sus servicios como el turismo vivencial, etc.

Si habrá un segundo PRODEPINE nos gustaría que no sea para financiar obras civiles (estas las puede hacer cualquier ministerio o Fondo. Desearíamos a centrarnos en la producción de riqueza a partir de la especificidad y los mejores talentos de los indígenas y negros del Ecuador.

Roberto Haudry de Soucy  
Gerente Operaciones FIDA

*(c) Other partners (NGOs/private sector):*

## **10. Additional Information**

## Annex 1. Key Performance Indicators/Log Frame Matrix

<b>1. Institutional Strengthening of Indigenous and Afroecuadorian Organizations</b>		
Number of organizations which have capacity to elaborate local development plans: 100		110 organizations are able to prepare local development plans. 10% more than appraised.
Percentage of subprojects included in local development plans: 80% by year 4		n.a.
Number of organizations which have received support for cultural patrimony: 110		134 organizations had received support for cultural patrimony. 22% more than the number defined by appraisal
Number of organizations with increased access to resources: 110		118 organizations had increased access to resources. 7% more than appraised.
Closer link between demand and investments (Percentage counterpart contribution actually contributed): 90% by year 4.		92% in the fourth year. Target expected 90%
Percentage of organizations with favorable external audit opinion: 90% by year 4		86% in the fourth year. Target expected: 90%
<b>2. Support to Land and Water Rights Regularization</b>		
Number of organizations with capacity to elaborate land/forest NRM plans: 4		7 organizations are able to elaborate land/forest NRM plans. 75% more than appraised
Number of organizations benefiting from land regularization: 80.		63 communities had been benefited from land regularization and execute land/forest NRM plans
Number of organizations which have participated in the diagnostic and contributed to water management action plan: 80.		40 organizations. 50% of the target defined by appraisal. In terms of communities 93 had participated.
Concept of the ancestral possession translated in concrete procedures which allow for active participation of indigenous and afroecuadorian organizations		Agreement between MOE and INDA to regulate procedures for the approval of land/forest NRM plans and INDA's resolution for titling ancestral land were signed
Follow-up project on community water management under preparation based on results of diagnosis		The follow-up project was prepared
<b>3. Rural Investments</b>		
Number of families benefiting from subprojects (matching grants): 40,000		62,664 families benefited from subprojects. 57% higher than appraised
Number of families benefiting from cajas solidarias: 3,000		Not evaluated in this ICR
Number of families benefiting from community banks: 3,000		Not evaluated in this ICR
Percentage of subprojects achieving expected economic returns: 75% by year 4		75% of subprojects achieved expected economic results. Equal percentage than expected.
Reduced poverty (% points): 8		n.a.
Percentage utilization of subprojects (matching grants after one year): 90 by year 4		85% of subprojects are currently in operation. Target expected 90%
Percentage increase in local savings: 40% by year 4		38% increase in local savings was achieved. Target expected 40%
<b>4. Institutional Strengthening of CONPLADEIN/CODENPE</b>		
CODENPE Plan for Indigenous Development included in Carta Social: one per year		One comprehensive plan was prepared and validated by communities. At appraisal 4 smaller plans were expected.
Favorable Audit opinion : one per year		Each year the project obtained clean audit opinion
Level of disbursements: 95% by year 4		123% was achieved. Target expected 95%
Elapsed time between subproject presentation and approval (average): 2.5 months by year 4.		3.2 months. Target expected: 2.5 months
Elapsed time between subproject presentation and approval (% of cases exceeding 4 months): 20% by year 4.		25% exceeded 4 months. Target expected: 20%
Number of Annual Operating Plans (AOP) approved by CCRs: 7 per year.		21 AOPs approved. One per each regional office. 100% of the target.

<b>Output Indicators:</b>		
<b>Indicator/Matrix</b>	<b>Projected in last PSR</b>	<b>Actual/Latest Estimate</b>
<b>1. Institutional Strengthening of Indigenous and Afroecuadorian Organizations and Nationalities</b>		
Number of Local Development Plans elaborated: 178.	211 Local Development Plans have been finalized	212 Local Development Plans were finalized. 19% higher than appraised
Number of "licenciados" trained: 90		67 "licenciados" trained. 74% of the target defined by appraisal
Number of "bachilleres" trained: 240		335 "bachilleres" trained. 40% more than appraised
Number of publications: 4		
Number of legal assistants trained: 160.		160 of legal assistants trained. 100% of the target defined by appraisal
Number of concourses: 80.		5 cultural concourses were developed, representing 6% of the target defined by appraisal
Number of videos: 16.		8 videos produced. 50% of the target.
Number of technical staff trained through semi-formal training programs: 484.		646 technical staff trained through semi-formal training programs. 33% more than appraised
Number of cultural events: 40.		97 cultural events organized. More than double the number defined by appraisal
Number of membership organizations equipped: 158.		207 membership organizations equipped. 31% higher than appraised
Number of postgraduate students	Target not defined in the PAD	69 postgraduate students graduated
Number of studies of identities and gender roles	Target not defined in the PAD	3 studies developed
Number of gender promoters	Target not defined in the PAD	20 gender promoters trained and incorporated in local teams
<b>2. Support to Land and Water Rights Regularization</b>		
Number of management plans elaborated: 40		71 management plans elaborated, including INEFAN and INDA. 77% more than the number estimated by appraisal
Number of titles adjudicated: 240.		71 titles adjudicated, representing 30% of the target defined by appraisal
Number of legal reforms elaborated: 3		3 legal reforms elaborated
Number of irrigation systems covered by diagnostic study: 1,000.		458 irrigation systems covered by diagnostic study, representing 46% of the target defined by appraisal
<b>3. Rural Investments</b>		
Number of subprojects financed (matching grants): 800.		654 subprojects financed (matching grants). 82% of the target defined
Number of community banks support arrangements: 150.		Not evaluated in this ICR
Number of "cajas solidarias": 50.		Not evaluated in this ICR
<b>4. Institutional Strengthening of CONPLADEIN/CODENPE</b>		
Number of Laws/Policies formulated: 5.		8 laws and 4 regulations were elaborated. 2.4 times the number defined by appraisal
Elaboration of an Indicative Indigenous Development Plan + Annual Up-dates: 4.		1 Indicative Indigenous Development Plan elaborated. 25% of the target.
Number of workshops: 70.		114 workshops implemented. 63% higher than the estimated by appraisal
Number of forums: 8		14 forums developed. 75% more than appraised.
Number of regional offices established: 7.		7 regional offices established as defined by appraisal.



## Annex 2. Project Costs and Financing

Project Cost by Component (in US\$ million equivalent)\*

	Appraisal Estimate	Actual/Latest Estimate	Percentage of Appraisal
Project Cost By Component	US\$ million	US\$ million	
Institutional Strengthening of Local Organizations and Communities	7.1	5.6	79.0
Support Land and Water Rights Regularization	5.1	1.3	25.5
Rural Investments	14.9	14.8	99.3
Institutional Strengthening of Conpladein/Codenpe	7.3	7.7	105.5
Project Preparation Facility	1.4	1.1	78.6
<b>Total Baseline Cost</b>	<b>35.8</b>	<b>30.5</b>	<b>85.2</b>
Physical Contingencies	4.4		
Price Contingencies	2.3		
<b>Total Project Costs</b>	<b>42.5</b>	<b>30.5</b>	<b>72.0</b>
<b>Total Financing Required</b>	<b>32.5</b>	<b>29.1</b>	<b>89.5</b>
* Table does not include US\$7.5 million in Appraisal and US\$1.8 in actual disbursements for the Rural Credit program			

**Project Costs by Procurement Arrangements (Appraisal Estimate) (US\$ million equivalent)**

<b>Expenditure Category</b>	<b>ICB</b>	<b>Procurement NCB</b>	<b>Method<sup>1</sup> Other<sup>2</sup></b>	<b>N.B.F.</b>	<b>Total Cost</b>
<b>1. Works</b>	--	--	0.1	--	0.1
			(0.1)		(0.1)
<b>2. Goods and Equipment</b>	--	0.6	1.8	0.00	2.4
		(0.6)	(0.9)	(0.00)	(1.5)
<b>3. Land</b>	--	--		2.0	2.0
<b>4. Services</b>		--		--	
<b>a. Consultants</b>	--	--	12.0	--	12.0
			(6.5)		(6.5)
<b>b. Training</b>	--	--	3.6	--	3.6
			(3.0)		(3.0)
<b>c. Mngmt. Services Contracts</b>	--	--	2.8	--	2.8
			(2.0)		(2.0)
<b>5. Rural Investments</b>		--		--	
<b>a. Grants Community Subprojects</b>	--	--	18.8	--	18.8
			(9.4)		(9.4)
<b>b. Credit</b>	--	--		5.0	5.0
<b>6. Incremental Operating Costs</b>	--	--	1.9	--	1.9
			(1.1)		(1.1)
<b>7. PPF</b>	--	--	1.4	--	1.4
			(1.4)		(1.4)
<b>Total</b>	--	<b>0.6</b>	<b>42.4</b>	<b>7.0</b>	<b>50.0</b>
		<b>(0.6)</b>	<b>(24.4)</b>		<b>(25.0)</b>

**Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US\$ million equivalent)**

Expenditure Category	ICB	Procurement NCB	Method <sup>1</sup> Other <sup>2</sup>	N.B.F.	Total Cost
<b>1. Works</b>	--	--	0.4 (0.1)	--	0.4 (0.1)
<b>2. Goods and Equipment</b>	--	0.6 (0.6)	0.5 (0.4)	--	1.1 (1.0)
<b>3. Land</b>	--	--	--	0.3	0.3
<b>4 Services</b>		--	--	--	--
<b>a. Consultants</b>	--	--	9.7 (6.5)	--	11.8 (6.5)
<b>b. Training</b>	--	--	3.6 (3.0)	--	3.6 (3.0)
<b>c. Mangmt. Services Contracts</b>	--	--	3.4 (1.2)	--	3.4 (1.2)
<b>5. Rural Investments</b>		--		--	
<b>a. Grants Community Subprojects</b>	--	--	9.2 (7.8)	--	9.2 (7.8)
<b>b. Credit 3/</b>	--	--		--	--
<b>6. Incremental Operating Costs</b>	--	--	1.7 (1.5)	--	1.7 (1.5)
<b>7. PPF</b>	--	--	1.1 (1.1)	--	1.1 (1.1)
<b>Total</b>	--	<b>0.6</b> <b>(0.6)</b>	<b>29.6</b> <b>(21.6)</b>	<b>0.3</b> <b>(0.00)</b>	<b>30.5</b> <b>(22.2)</b>

1/ Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

2/ Includes civil works and goods to be procured through national shopping, consulting services, services of contract staff of the project management office, training, technical assistance services, and incremental operating costs relate (i) managing the project, and (ii) re-lending project funds to local government units.

3/ Table does not include US\$ 1.8 million disbursed by IFAD under the Rural Credit program

**Project Financing by Component (in US\$ million equivalent)\***

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govt.	CoF.+Others	Bank	Govt.	CoF.+Others	Bank	Govt.	CoF.+ Others
Institutional Strengthening of Local Organizations and Communities	5.80	0.60	0.30	5.40	0.08	0.20	93.10	13.30	66.60
Regularization of land and Water Rights	1.20	2.80	2.00	0.90	0.01	0.30	75.00	0.40	15.00
Rural Investments	9.40	0.30	9.50	8.00	0.08	6.80	85.10	26.60	71.60
Institutional Strengthening of Compladein/Codenpe	7.20	1.30	0.10	6.80	0.83	0.00	94.40	63.80	0.00
PPF	1.40	0.60	0.00	1.10	0.00	0.00	78.60	0.00	0.00
<b>TOTAL</b>	<b>25.00</b>	<b>5.60</b>	<b>11.90</b>	<b>22.20</b>	<b>1.00</b>	<b>7.30</b>	<b>88.80</b>	<b>17.90</b>	<b>61.30</b>

\* Table does not include US\$ 7.5 million in the Appraisal Estimate and US\$ 1,8 in actual disbursements, for the Rural Credit program

### Annex 3. Economic Costs and Benefits

Community	Subprojects	Beneficiaries		Investment		Annual Operation		Annual Net Benefits		NPV	IRR
		Persons	Families	Project	Community	Community	Other sources	Without re-investment	With re-investment		
Armenia	School	65	-	21,279	6,592	308	10,896	3,096	1,781	(9,266)	2%
Kayamas	School	32	-	7,168	1,810	60	1,440	612	(267)	(4,929)	(6%)
<i>Aggregate</i>	<i>School</i>	<i>97</i>	<i>-</i>	<i>28,448</i>	<i>8,402</i>	<i>368</i>	<i>12,336</i>	<i>3,708</i>	<i>1,514</i>	<i>(14,195)</i>	<i>0%</i>
Chilla Grande	Infant center	40	-	20,165	7,776	1,092	8,960	5,548	4,459	11,537	19%
Chinipamba	Infant center	30	-	21,456	4,753	5,760	-	1,598	418	(12,895)	2%
<i>Aggregate</i>	<i>Infant center</i>	<i>70</i>	<i>-</i>	<i>41,622</i>	<i>12,529</i>	<i>6,852</i>	<i>8,960</i>	<i>7,145</i>	<i>4,876</i>	<i>(1,359)</i>	<i>12%</i>
Balcashi	Health center	-	104	20,573	4,745	652	600	412	(556)	(19,896)	-
Utunkus	Pedestrian bridges	-	420	19,621	4,307	2,100	-	4,452	2,604	1,095	13%
Changuaral	Solar energy	-	18	24,080	8,046	252	-	2,858	940	(14,265)	(2%)
San Antonio	Solar energy	-	24	15,162	3,364	336	-	5,712	4,440	12,275	28%
Campanita	Solar energy	-	18	18,877	5,610	230	-	3,442	1,916	(4,501)	7%
<i>Aggregate</i>	<i>Solar energy</i>	<i>-</i>	<i>60</i>	<i>58,119</i>	<i>17,021</i>	<i>818</i>	<i>-</i>	<i>12,012</i>	<i>7,296</i>	<i>(6,490)</i>	<i>10%</i>
Ocpote	Drinking water	-	50	20,217	5,860	200	-	(300)	(1,705)	(25,255)	-
San Fco. Columbe	Drinking water	-	67	25,093	11,025	268	-	(268)	(1,437)	(34,011)	-
Verdepamba	Drinking water	-	48	29,397	24,268	528	-	1,200	(142)	(40,024)	-
Cebollar	Drinking water	-	222	21,714	8,586	1,302	-	3,138	2,097	(6,418)	8%
<i>Aggregate</i>	<i>Drinking water</i>	<i>-</i>	<i>387</i>	<i>96,421</i>	<i>49,739</i>	<i>2,298</i>	<i>-</i>	<i>3,770</i>	<i>(1,187)</i>	<i>(80,453)</i>	<i>(4%)</i>
San Isidro	Irrigation	-	55	20,591	7,595	880	-	16,982	16,020	86,519	60%
Pancun Ichubamba	Irrigation	-	136	18,501	6,598	3,590	-	3,827	2,962	2,756	14%
Calshi	Irrigation	-	78	24,425	6,106	1,872	-	22,348	21,199	119,716	73%
Alobamba	Irrigation	-	90	10,198	4,316	653	-	36,606	36,131	227,782	252%
Gallo Rumi	Irrigation	-	56	20,784	23,126	768	-	2,053	1,014	(25,704)	(1%)
<i>Aggregate</i>	<i>Irrigation</i>	<i>-</i>	<i>415</i>	<i>94,499</i>	<i>47,742</i>	<i>7,763</i>	<i>-</i>	<i>81,816</i>	<i>77,326</i>	<i>411,070</i>	<i>58%</i>
San Antonio	Watershed manag.	-	180	2,288	1,240	-	-	-	(307)	(3,150)	-
Coop. Hospital	Soil recovery	-	55	23,538	6,842	-	-	1,870	1,870	(14,826)	2%
<i>Aggregate</i>	<i>Natural resources</i>	<i>-</i>	<i>235</i>	<i>25,826</i>	<i>8,082</i>	<i>-</i>	<i>-</i>	<i>1,870</i>	<i>1,563</i>	<i>(17,976)</i>	<i>0%</i>

Guaranda - Various	Pastures	-	560	27,497	14,440	102,960	-	71,495	66,395	192,666	169%	
Tsuraku	Perennial plantation	-	32	11,427	6,672	3,200	-	3,600	3,600	(1,491)	9%	
Shungubud	Greenhouse	-	57	7,584	2,264	-	-	269	(1,154)	(7,928)	-	
Tumgubug	Greenhouse	-	41	12,889	4,309	-	-	(3,997)	(6,411)	(28,219)	-	
Yanajaca	Greenhouse	-	18	28,397	8,854	144	-	(816)	(5,926)	(35,887)	-	
Rumipamba	Greenhouse	-	50	26,330	8,828	-	-	(7,036)	(9,669)	(54,037)	-	
<i>Aggregate</i>	<i>Greenhouse</i>	-	<i>166</i>	<i>75,200</i>	<i>24,255</i>	<i>144</i>	-	<i>(11,580)</i>	<i>(23,160)</i>	<i>(126,070)</i>	-	
Mascarilla	Compost production	-	25	24,376	9,939	400	-	728	(682)	(26,966)	-	
Totorillas	Tree nursery	-	170	27,651	10,700	-	-	19,900	15,012	29,807	43%	
Santa Teresita	Grain mill	-	23	16,634	4,056	-	-	249	(833)	(16,836)	-	
Santo Domingo	Cheese factory	-	29	19,444	5,653	1,740	-	4,826	3,662	1,678	13%	
<i>Aggregate</i>	<i>Agro-industry</i>	-	<i>52</i>	<i>36,078</i>	<i>9,709</i>	<i>1,740</i>	-	<i>5,075</i>	<i>2,829</i>	<i>(15,158)</i>	<i>5%</i>	
Macas	Radio broadcasting	-	-	39,021	10,161	-	-	24,531	17,084	35,040	41%	
<i>Total</i>			<i>167</i>	<i>2,626</i>	<i>626,380</i>	<i>238,443</i>	<i>129,296</i>	<i>21,896</i>	<i>228,933</i>	<i>174,513</i>	<i>440,076</i>	<i>26%</i>
<i>Total – Weighted based on investments for the whole sample (50 subprojects selected)</i>									<i>1,098,073</i>	<i>33%</i>		

## Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle		No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating	
Month/Year		Count	Specialty	Implementation Progress	Development Objective
<b>Identification/Preparation</b>	07/1995	6	Task Team Leader (1) Financial Analyst (1) Natural Resource Specialist(1) Economist(1) Financial Management Specialist(1)		
	07/1996	5	Social Scientist (1) Task Team Leader(1) Financial Analyst(1) Natural Resource Specialist(1) Financial Management Specialist (1) Social Scientist (1)		
<b>Appraisal/Negotiation</b>	07/1997	7	Task Team Leader (1) Financial Analyst (1) Natural Resource Specialist(1) Social Scientist (1) Financial Management Specialist(1) Legal Counsel(1) Procurement Specialist(1)		
<b>Supervision</b>	11/13/1998	3	Team Leader (1) Sociologist (1) Procurement Specialist (1)	S	S
	4/20/1999	3	Task Manager (1) Sociologist (1) Procurement Specialist (1)	S	S
	11/09/1999	5	Task Manager (1) Sociologist (1) Procurement Assistant (1) Social Dev. Specialist (1)	S	S
	4/26/2000	4	Task Team Leader (1) Senior Sociologist (1) Social Devt. Specialist (1) Procurement Analyst (1)	S	S
	4/26/2000	3	Task Team Leader (1) Senior Sociologist (1) Soc. Dev. Specialist (1)	S	S
	11/20/2000	4	Task Team Leader (1)	S	S

ICR	06/17/02	4	Sociologist (1) Soc. Dev. Specialist (1) Afro Latin Specialist (1)	S	S
			Task Team Leader (1) Gender Specialist (1) Consultant (2)		

*(b) Staff:*

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US\$ ('000)
Identification/Preparation	110.0	170.5
Appraisal/Negotiation	74.0	160.1
Supervision	73.1	261.3
ICR	23.7	86.0
<b>Total</b>	<b>280.8</b>	<b>677.9</b>



## Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Neghible, NA=Not Applicable)

	<i>Rating</i>				
<input checked="" type="checkbox"/> <i>Macro policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Sector Policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Physical</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Financial</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Institutional Development</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Environmental</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
 <i>Social</i>					
<input checked="" type="checkbox"/> <i>Poverty Reduction</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input checked="" type="checkbox"/> <i>Gender</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input checked="" type="checkbox"/> <i>Private sector development</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Public sector management</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA

## Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

### 6.1 Bank performance

#### Rating

- |   |                                     |                                    |                         |                          |
|---|-------------------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Lending     | <input checked="" type="radio"/> HS | <input type="radio"/> S            | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Supervision | <input type="radio"/> HS            | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall     | <input type="radio"/> HS            | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

### 6.2 Borrower performance

#### Rating

- |   |                          |                                    |                         |                          |
|---|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Preparation                           | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Government implementation performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Implementation agency performance     | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall                               | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

## **Annex 7. List of Supporting Documents**

1. The World Bank. 1997. Indigenous and Afroecuadorian Peoples Development Project. Project Appraisal Document. Report No. 17217-EC
2. The World Bank. 1996. Ecuador Poverty Report
3. Fundación Heifer Ecuador. 2002. Las capacidades de las Organizaciones Indígenas y afroecuatorianas de 2do.y 3er. Grado: Resultados del censo de Entidades Ejecutoras de PRODEPINE
4. Corporación OIKOS. 2001. Auditoría Ambiental a la Cartera de Subproyectos Financiados por el PRODEPINE: Informe de Verificación y Evaluación Ambiental de los Subproyectos
5. PRODEPINE. Octubre 2000. Informe de Monotoría de Medio Período del PRODEPINE.
6. Supervision Mission and Mid Term Review Reports, 1999-2002 and several Project documents
7. Loan Agreement dated June 12, 1998.
8. CESA-ECLOF. 2002. Evaluación de Impactos de Subproyectos Públicos. PRODEPINE

## **Additional Annex 8. Borrower's ICR**

### **Closing Report of the “Indigenous and Afro Ecuadorian Peoples Development Project” (PRODEPINE)<sup>10</sup>**

#### **1. Introduction**

A review of the statistical information available on Ecuadorian poverty shows that rural indigenous and Afro Ecuadorian communities are the largest social groups suffering from structural poverty. In effect, while on a national level poverty strikes 46 % of all Ecuadorians as a whole, 86 of every 100 indigenous persons are impoverished. Likewise, with regard to Unmet Basic Needs, although 52.8 % of the Ecuadorian population lacks basic services, 92.7 % of all indigenous and afro-Ecuadorian communities are without access to them. This trend deepens in terms of education. While the overall country illiteracy index is 10.8 %, this indicator reaches 42.5 % in indigenous populations and 53.2 % among indigenous women. Similarly, although the nation-wide average for schooling is 7.6 years, indigenous people have an average level of 2.4 years and indigenous women barely 1.7. Consequently, indigenous and afro-Ecuadorian people have the worst living conditions, the lowest schooling levels with inappropriate educational systems, serious unemployment levels, minimal access to health services, and severe social and economic discrimination.

Rural poverty among indigenous and afro-Ecuadorian nationalities and peoples, a phenomenon with historic, economic, political, social and cultural roots, is seen in: (i) little or no access to services aimed to meet the basic needs of rural households; (ii) incomes below the minimum needed to provide basic foodstuffs, goods and services; and (iii) ethnically grounded economic and social exclusion and discrimination.

Indigenous and afro-Ecuadorian communities suffer structural poverty, as they are settled in ecologically fragile environments (*paramos*, arid zones or mountain slopes, with degraded soils or wetlands, that are not appropriate for agriculture), have little or no means of production, are illiterate or scarcely schooled, have limited production know-how, few work skills, and lack access to social and productive services and infrastructure.

The root causes and continuance of indigenous and afro-Ecuadorian poverty go back to the discovery and conquest of the Americas, have been reproduced through ethnically based economic, social and cultural discrimination and exclusion throughout the republic and, in latter years, are being aggravated by the effects of macroeconomic models and their respective development policies. Added to this are other factors such as non-existent or insufficient access to land and water, weak formation of human and social capital, contraction of public investment in rural infrastructure, inadequacy of development support services, and absence of a focus on social-, gender- and generational-related equity in rural development programs.

Structural adjustment policies, the effects of economic integration and the opening of markets, have all strongly contributed to the impoverishment of these communities and altered their income

structures. The lack of work skills and illiteracy limit stable access to an already weak labor market in Ecuador. Whenever indigenous and afro-Ecuadorian persons gain access to the labor market, they end up with poorly paid jobs. Therefore, community survival strategies maintain a significant dependence on agricultural activities for revenues, combining this with income from temporary wage labor and migration within the country and abroad.

Excessive sub-division of agricultural properties, pressures from population growth, devaluation of peasant labor, migration, and difficulties in finding productive agricultural employment, are all factors that show clear signs of reproducing the rural indigenous and afro-Ecuadorian economy. Nevertheless, this process does not signal the social and cultural disintegration of communities, even when members are involved in several forms of production. Despite their diverse economic practices, communities conserve their social cohesion when facing conflicts, promoting their demands and participating in festivities, cultural events and ritual acts. Thus, material poverty among indigenous and afro-Ecuadorian communities has its counterpart in customs and practices that are different from other social groups, with solidarity networks based on family and community ties, which reproduce social unity through labor sharing and deeply-rooted forms of reciprocity that maintain family relations as a means of economic and social survival, as well as ancestral knowledge, lore and practices that reflect priceless traditions and cultural wealth. Besides their language and sense of ethnic identity, the distinctive features of indigenous and Afro Ecuadorian communities include attachment to their ancestral land and a rich cultural heritage.

## **2. Goals of PRODEPINE**

The “*Indigenous and Afro Ecuadorian Peoples Development Project*” (PRODEPINE) was made possible through the dialogue and coordination achieved between the Government of Ecuador, indigenous and Afro Ecuadorian organizations, the World Bank, and the International Fund for Agricultural Development (WFC).

The goals set for PRODEPINE were: (i) To build managerial capacities among the indigenous and Afro Ecuadorian organizations of Ecuador; (ii) To integrate indigenous and Afro Ecuadorian peoples into democracy, incorporating their own view of development and empowering their present resources and human / social capital; (iii) To decrease poverty levels by diversifying sources of income and employment; and (iv) To develop the ability of State institutions to implement a decentralized participatory planning system that responds to the demands of indigenous and afro-Ecuadorian communities. The project strategy aimed at building the technical, legal and institutional capacities of indigenous and Afro Ecuadorian organizations, that are necessary to strengthen the sustainable development of their communities.

In meeting these goals, PRODEPINE implemented four components:

1. Strengthening of Nationalities, Peoples and Organizations, aimed at capacity building in second- and third-tier indigenous and afro-Ecuadorian organizations in the following areas: (i) Participatory planning, follow-up and evaluation; (ii) Support for training the technical teams of national organizations and equipping second-tier organizations; (iii) Human resource training through scholarship programs for indigenous and afro-Ecuadorian youth to pursue undergraduate,

postgraduate, supplementary high school and semiformal training programs; (iv) Strengthening the cultural heritage of nationalities and peoples, including a gender focus; and (v) A special program for strengthening smaller-sized nationalities. The implementation of this component enabled indigenous and afro-Ecuadorian communities and organizations to take the development process into their own hands, in keeping with their vision and cultural standards.

2. The Land and Water component, including: (i) Registration and legalization of landholding rights in productive, forest, and ancestral areas; (ii) Loans for the purchase of land, financed by the International Fund for Agricultural Development (WFC), to mitigate ownership conflicts in areas of high pressure due to population growth; (iii) Assessment and development of action plans for irrigation systems in Andean communities; (iv) Training of indigenous and African descent paralegal personnel; and (v) Support for a schedule of selected legal reforms. Implementation of this component focused on contributing to better, more secure access to land and water resources by the indigenous and afro-Ecuadorian population.

3. The Rural Investments component consists of both public or community investments and private investments. Public investments are executed by financing small sub-projects that are requested, designed, implemented, and managed by communities through second-tier organizations. The public or community investment sub-component of PRODEPINE has financed different small-scale subprojects with funds from the World Bank and the International Fund for Agricultural Development (WFC): (i) social infrastructure works; (ii) infrastructure for production; (iii) natural resource management; and (iv) training and technical assistance, including pre-investment studies. In addition to the above, the International Fund for Agricultural Development (WFC) is funding a rural financial services sub-component aimed at promoting and strengthening local saving and loans.

4. The CODENPE and CODAE Institutional Strengthening component focused on the following areas: (i) Financial management and administration; (ii) Program of legal reforms, policymaking and the National Indigenous and Afro-Ecuadorian Development Plan; and (iii) Establishment of a Project Execution Unit with seven regional offices. The project funded technical assistance, training for CODENPE staff, purchase of goods and equipment, as well as administrative costs. Implementation of this component enabled the Government of Ecuador to better formulate and execute policies oriented towards the indigenous and afro-Ecuadorian sectors.

### **3. Results, Effects and Impacts.**

To achieve the expected results, effects and impacts, PRODEPINE designed various instruments and participatory methodologies, many of which have been requested and utilized by other national and international institutions. Outstanding among our methodological contributions are: (i) PRODEPINE's decisive support to the FAO for developing the RURALINVEST methodology for the participatory assessment of rural investments; (ii) Design of a methodology for measuring the social capital of indigenous and afro-Ecuadorian organizations; (iii) Design of a methodology for preparing Local Development Plans; and (iv) Design of an Environmental Assessment and Monitoring methodology for rural development projects.

During the four years of PRODEPINE's execution, the component for Strengthening Nationalities, Peoples and Organizations achieved the following results: Support for 210 Local Development Plans prepared by 194 second- or third-tier organizations involving a population of 1,345,493 indigenous people and 93,585 afro-Ecuadorians linked to 4,748 grass-roots communities spread throughout 19 of the 22 provinces, 108 of the 215 cantons, and 434 out of a total of 788 rural parishes. Following the design of Local Development Plans, 207 Executing Agencies received office equipment and/or furnishings. Over these four project years, 110 second- or third-tier organizations are capable of designing Local Development Plans, that is: (i) they were able to improve Local Development Plan contents, quality and socialization, not just as regards the "Planning Document", but basically in the social participatory process; (ii) They have achieved a sense of community identification with "their" Local Development Plan; (iii) they incorporated or strengthened a culture of participation in the decision-making system of organizations and communities; (iv) they institutionalized the scheduling, follow-up, evaluation, and systematization of experiences, as management practices; (v) they strengthened community self-management capabilities; and (vi) they promoted inter-cultural work, establishing strategic alliances for the promotion of local development, under concrete proposals that answer to specific determinations of rural poverty on a local level.

Participatory Planning has helped break with paternalism, as communities and organizations became aware of their role and importance as subjects of local development. Having thus generated a culture of participation in decision making, investments were rationalized according to the demands of the most impoverished sectors. That fact that 98 % of all sub-projects funded by PRODEPINE responded to objectives and proposals established by the communities themselves in their Local Development Plans sets a precedent that substantially changes civil society's behavior with regard to development. Now, with the preparation of Local Development Plans, indigenous and afro-Ecuadorian organizations have an instrument by which to negotiate proposals with local governments, private entities, and cooperation institutions for investments in poverty mitigation. During these four years of project activities, 118 second- and third-tier organizations have achieved greater access to NGO resources.

The human resource training program was designed to strengthen local human and social capital. With this perspective we helped 69 students continue their post-graduate studies in collective rights, local management, constitutional law, political science, gender, or in environmental management and natural resources. Currently, 547 youth are doing university studies, 67 of which have achieved their undergraduate degree. In the compensatory high school program, 414 are working to complete their secondary studies and 335 have already graduated. Additionally, the project helped 646 students take non-formal training courses in different areas: agro-ecology, collective rights, computers, soil conservation, agroforestry, *paramo* management and conservation, gender and development, conflict resolution, teaching, or water management systems for human consumption.

The human resource training program encouraged young students to approach different organizations and find a place there for participation. This made it possible to develop the capacities of executing agencies, since 70 % of the students approached these organizations

offering to help in their activities. The assistance of these scholarship recipients from different backgrounds lead them to strengthen their identity and self-esteem, acknowledge Ecuador's cultural diversity, and understand the need to nurture inter-cultural processes. Also, upon receiving large groups of indigenous or afro-Ecuadorian students, the universities democratized their academic areas, achieved changes of attitude among professors and students, and encouraged reforms and updates in their curriculums, including subjects like local development, decentralization and/or inter-cultural studies.

The Cultural Heritage Program promoted 97 cultural events, including several gatherings for cultural reflection, inter-cultural fairs, traditional food and craft contests, cultural forums, and ancestral festivities. Eight cultural videos were promoted, and ten publications were supported, including "*Memorias del Kuraray*" (awarded the *Eugenio Espejo* Prize in 2001 by the Municipality of Quito for best research project). During the four years that PRODEPINE was executed, 134 organizations received cultural strengthening support for activities focused on salvaging, appropriating and consolidating the material patrimony and living cultural heritage of indigenous and afro-Ecuadorian peoples. This program helped strengthen the cultural identity of the different nationalities and peoples of Ecuador, through critical reflection on their current situation and the need to build a proposal for self-managed, sustainable development, with identity. Our purposes in implementing this program were: (i) to promote inter-cultural relations and peaceful coexistence among Ecuadorians through research, recreation and dissemination of ancestral cultural expressions; and (ii) to promote in Ecuadorian society an environment of tolerance and respect for the cultural expressions of indigenous and afro-Ecuadorian nationalities and peoples.

Subsequent to the mid-term evaluation, PRODEPINE included a gender program for promoting equal participation by men and women in all project activities. The gender focus being quite a sensitive issue in ancestral cultures, we did not attempt to force ideas on them from the outside, as this could have had counter-productive effects. In this regard, in view of the cultural diversity of our nationalities and peoples, the methodology proposed was to avoid a unified approach, but rather attempt to discover the different roles that men and women play in each of the indigenous and African descendant cultures, promoting reflection on the need to build equitable relations among men and women, and identifying investment strategies with gender equity in all project components and programs.

To date: (i) three studies have been done on gender roles and six more are being carried out among different nationalities and peoples; (ii) a proposal has been prepared for gender indicators; (iii) the participatory planning methodology has been improved to identify differences in the demands of men and women, as well as among adults, youth and children; (iv) a methodology is being designed for the identification, design and execution of sub-projects with a gender focus; (v) methodologies are being prepared for training local governments and indigenous and afro-Ecuadorian organizations in gender issues. In this way we hope to help eradicate the factors of discrimination that affect indigenous and African descendant women, facing up to social and economic privileges that were traditionally related to gender differences, and creating opportunities to strengthen women's participation in decision making, access to resources, as well as technical and leadership capacities.



The program for strengthening smaller nationalities – Siona, Secoya, Cofán, Huao, Shiwiar, Zápara, Awa, Epera, Chachi, and Tsáchila – lacked the strategies and policies and did not have a system for planning, follow-up and evaluation with clearly established indicators to measure expected products, effects and impacts following project intervention. However, some fruits can be pointed out, such as: (i) Strengthening of the Zápara nationality, which was able to salvage its cultural identity, values and language and received recognition from UNESCO as a cultural, immaterial and oral heritage of humanity; (ii) Strategic alliances with NGOs, promoted by PRODEPINE to unite institutional efforts; (iii) Support for 130 high school students and 39 undergraduate students from these nationalities; (iv) Formation of technical teams from the nationalities themselves; (v) Strategic Development Plans for these nationalities; (vi) CODENPE now has basic guidelines for a cultural strengthening policy for these nationalities and peoples; and (vii) we have projects that were proposed for cultural identity, practices and heritage, to support the cultural strengthening of these nationalities and peoples.

The Land and Water component achieved the following results: (i) In lands belonging to the INDA, 105,596 hectares were legalized through title deeds awarded to 55 grassroots communities that together group 1,832 beneficiary families; (ii) In lands belonging to the Ministry of the Environment (formerly INEFAN) 17,084 hectares were legalized for 16 grassroots communities inhabited by 273 beneficiary families; (iii) Currently in process of legalization are 112,085 hectares belonging to the INDA and 18,270 hectares belonging to the Ministry of the Environment; (iv) As a prerequisite for legalizing land, we supported the development of 55 management plans for land belonging to INDA and 16 management plans for land belonging to the Ministry of the Environment; (v) We supported the training of 128 men and 32 women as legal aids for the land legalization process and in conflict management; (vi) 458 community irrigation systems were assessed, with a total length of 2,647 kilometers of irrigation ditches covering an area of influence of 16,792 hectares belonging to 37,194 beneficiary families inhabiting 793 communities affiliated to 40 second-tier organizations; and finally, (vii) a credit program was executed with financing from the International Fund for Agricultural Development (WFC), to purchase land in the provinces of Imbabura, Pichincha, Cotopaxi, Tungurahua, and Bolívar, with 8 loans to purchase 634 hectares and benefit 185 families.

The process of registering and securing these title deeds has made it possible to achieve legal security for the ancestral lands of 44 indigenous and 19 afro-Ecuadorian communities that, threatened by the pressures of timber companies, settlements and migration from Colombia, risk being intervened to devastate the tropical rain forest, with the consequential environmental, social and cultural impacts that are contrary to the interests of the communities.

The study of community irrigation ditches identified the main natural resource problems in 793 communities, their current irrigation infrastructure problems, and the social economic conditions of their populations. The action plan included: social irrigation management, crop scheduling, an environmental management plan, final project designs, improvement works and drawings for each irrigation ditch studied, a project budget, and the financial investment assessment for each irrigation ditch. The estimated investment amount for rehabilitating all irrigation ditches is US\$ 31,457,617.

The activities of the rural investment sub-component for public benefit were implemented by 152 executing agencies (139 second- or third-tier organizations and 13 municipalities), covered 18 provinces, 73 cantons, and 193 parishes, and benefited 359,707 persons. The following achievements were had during the four years of PRODEPINE execution: (i) communities developed 1,918 sub-project profiles in the field; (ii) executing agencies prepared 830 final sub-project designs and 151 special pre-investment studies for grass-roots communities; (iii) 654 sub-projects were funded by the International Bank for Reconstruction and Development (IBRD) or the International Fund for Agricultural Development (WFC), for an external investment amount of US\$ 12,025,188, in addition to the equivalent of US\$ 4,584,393 as the 27.6 % community counterpart; (iv) 338 of the 654 financed sub-projects, representing 51.7 % of the sub-project portfolio, were for social infrastructure (classrooms, school dining halls or shelters, water systems for human consumption, radio stations, health centers, child development centers, and solar energy), 256 sub-projects, equal to 39.1 %, were community production infrastructure (irrigation systems, agro-industries, road improvements, greenhouses, inter-connected electricity), 52 sub-projects or 8 % were environmental investments (micro watershed protection and/or management, soil recuperation and/or conservation, environmental forestation), 7 sub-projects, equal to 1 %, were training for production systems, and 1 sub-project was for cultural heritage development and conservation; (v) to date, the executing agencies have concluded 521 of the 654 financed sub-projects, leaving 133 sub-projects to be completed, which are currently in process; (vi) the audit report stated that 83 % of all organizations had a favorable audit report, in 85 % of all sub-projects the executing agencies fulfilled satisfactorily with the acquisitions procedures established by PRODEPINE, in 82 % of all sub-projects the expense supports presented by executing agencies enabled accounting and filing financial statements, in 88 % of all sub-projects the project design was appropriate and directly related to sub-project objectives, in 82 % of all sub-projects work costs and quality were reasonable, in 90 % of all investments the communities fulfilled the counterpart established in the sub-project design, and in 100 % of all sub-projects the beneficiary population was within the criteria established in the Regulations for Public and Community Investments; (vii) The sub-project funding program generated 9,994 temporary jobs and 2,859 permanent jobs.

The average value for sub-projects financed by PRODEPINE amounted to US\$ 25,397, of which US\$ 18,387 was foreign investment and US\$ 7,010 was community contributions. The average PRODEPINE investment required per beneficiary was US\$ 45.48 for social investments; US\$ 30.69 for productive investments, and US \$ 18.46 for environmental investments.

Due to delays by executing agencies in presenting accounting supports, and because of high inflation rates in Ecuador during three project execution years, 38 % of the investments had funding extensions with regard to the original execution agreements, for a total of US\$ 1,305,232. However, it is important to highlight that, according to the sub-project impact assessment, the original investment plus the funding extension, that is the total amount invested, was not greater than the current value of investments made. This impact assessment study, carried out by an independent consulting firm based on a random sampling prepared by the FAO, determined that the income and benefits generated by the 51 sub-projects have a internal financial rate of return of between 19 % and 27 %, considering a conservative scenario and an optimistic one. Furthermore,

the internal economic rate of return is between 9 % and 15 % in these two scenarios.

The environmental audit, carried out by a private consulting firm with a random sample of 43 sub-projects, produced the following results: 81 % of all sub-projects correctly applied the environmental categories established in the regulations, 96 % of all sub-projects correctly identified the corrective measures for impacts caused by interventions, and 67 % effectively applied identified measures.

The CODENPE institutional strengthening component had the following results: (i) institutionalization of the CODENPE National Council and formation of a technical team with propositional capabilities, establishing the foundations for a dialogue between the government and indigenous peoples; (ii) twelve draft laws aimed to defend the interests of the different nationalities and peoples; (iii) preparation of a development plan for the nationalities and peoples; (iv) preparation of four strategic pilot plans and supporting technical documents to define the territorial circumscriptions of the Kayampi, Kañari and Saraguro peoples and the Chachi nationality; (v) organization of 114 workshops and 14 forums on collective rights with the participation of leaders, directors, teachers of inter-cultural bilingual education, and other social stakeholders related to the organizational strengthening of nationalities and peoples, who used their newly-acquired knowledge to define novel mechanisms for relations between the State and the indigenous peoples.

As for institutional strengthening of the project, we should point out: (i) installation and operation of a local area network and a wide area network at CODENPE; (ii) implementation of the Rikukpacha information system; (iii) installation, control and monitoring of the base station, and personnel training in the correct operation of the mobile GPS; (iv) seven local area networks and one wide area network in operation between its regional offices; (v) two specific applications and four desk-top applications at the national office and in the 7 regional offices; (vi) a map of PRODEPINE interventions, updated to July 2002, with parish level detail and 6 thematic maps on different programs of the project; (vii) a monthly scheduling system using operational plans that have been rigorously followed and debated, providing very precise progress reports on all project components per consultant, per regional office, and a national summary; (viii) Organization and maintenance of a digital library with the most important documents on project activities; and (ix) satisfactory administration of resources, with four successful audits.

With help received through the Institutional Strengthening component, CODENPE was able to exercise clear leadership vis-à-vis the State as the entity responsible for inter-institutional coordination for executing state policies aimed to strengthen the different nationalities and peoples. In addition, it is important to highlight CODENPE's function as a mediator during the dialogues between the National Government and the Indigenous Organizations on issues such as land conflicts, the irrigation fund, and the indigenous migrant situation. Finally, the CODENPE Institutional Strengthening component contributed to: (i) Promoting transversal State attention to indigenous demands; (ii) Facilitating conflict resolution within the democratic institutional structures of the State; and (iii) Supporting the inclusion of indigenous demands on the agendas of local governments.

To overcome social exclusion and marginalization, we have promoted a new style of public administration, encouraging social participation, empowerment and accountability as effective instruments for prioritization and problem solving aimed at reducing poverty among indigenous and afro-Ecuadorian peoples. In this way we have contributed decisively to creating a culture of participation within State decentralization and modernization, not solely to channel their demands, but to ensure their presence when decisions are made. A participatory focus in the government, while requiring greater efforts and resources, creates a sense of participant identification with social programs and will make it possible to reach a national consensus regarding economic, social and environmental strategies for reducing poverty, recovering governance and social stability. Poverty reduction strategies and social policies are much more effective when arising from a national consensus in which the poor feel they are effectively represented.

PRODEPINE was able to achieve its goals satisfactorily thanks to the following factors: (i) A good technical approach to the project; (ii) The project incarnates excellent experiences in intercultural work, social representation and consensus among indigenous and afro-Ecuadorian nationalities, peoples and organizations; (iii) Despite some non-fulfillment by the government counterpart, the project achieved important State support; (iv) An excellent national technical team and efficient regional technical teams, composed of professionals, representing the best human capital available among indigenous and afro-Ecuadorian nationalities, peoples and organizations, ensured correct project execution and satisfactory, optimal fulfillment of the goals set; (v) Mutual trust, information flows, and on-going training of executing agencies to build consensus around the need to ensure compliance with the technical requirements and procedures established in the credit agreement between the Ecuadorian government, the World Bank and the International Fund for Agricultural Development (WFC); (vi) Systematic training and follow-up for NGOs and local technicians providing technical assistance to executing agencies; (vii) Systematic World Bank accompaniment to guarantee the technical focus and application of procedures established in the credit agreement.

#### **4. Lessons Learned.**

1. The relationship among indigenous and afro-Ecuadorian organizations, the World Bank, the International Fund for Agricultural Development (WFC), CODENPE, CODAE, and PRODEPINE has been one of learning from each other, making it possible to clearly understand the different ways of thinking that orient the behavior of each stakeholder.
2. The roles, functions and relations among CODENPE, CODAE and PRODEPINE were clearly defined in order to avoid politicizing the project. CODENPE and CODAE have a *policy-making* role, while PRODEPINE is the Technical Unit for the *implementation of these policies*, based on the following guidelines: (i) A participatory approach avoiding the exclusion of beneficiaries and their representatives; (ii) Agile structure and procedures ensuring Project efficiency and efficacy; and (iii) Acknowledgement of the different ways indigenous and afro-Ecuadorian nationalities and peoples are organized. In order to avoid conflicts and better respond to the new legal and institutional framework, it is necessary to define the scope and role of indigenous organizations in the reconstitution of nationalities and peoples, and to work towards coordinating the different dynamics currently found in indigenous and afro-Ecuadorian organizations.

3. PRODEPINE has not been exempt from internal conflicts, and to solve them, we have identified different types of conflicts. Several arose from a lack of information and of space for participation, communication and debate. In this case, we promptly made room for dialogue and reflection. Other conflicts arose from non-fulfillment of established agreements and consensus, in which case, we worked on developing a culture of fulfillment of duties and obligations.

4. The experience of the “*Indigenous and Afro Ecuatorian Peoples Development Project*” (PRODEPINE) demonstrates a need to promote participatory planning of local development, in order to respond appropriately to the country’s decentralization and de-concentration processes. The need is to train grass-roots communities to organize their own research, systematically interpret their realities, propose the best solutions to their problems, and actively participate in building their own future and controlling their own destinies. The experiences had show that indigenous and afro-Ecuadorian communities understand their problems well and should participate in decision-making processes related to solving those problems. In this process, PRODEPINE has promoted stakeholder training and reflection, supporting them with instruments and enabling communities to jointly build their assessments and analyses and to identify rural development projects in a participatory fashion.

5. Notwithstanding the above, communities are still trapped in a welfare approach to development; the patronizing attitudes of the State and certain local governments, private companies and NGOs do not help to overcome paternalism. Four years of activities in PRODEPINE are not enough to build a culture of development based on social participation, empowerment and accountability. In addition, indigenous and afro-Ecuadorian organizations need to develop prospective analyses, gather the lessons learned, systematize their experiences, promote lines of reflection, analysis and research. However, locally, PRODEPINE has contributed to building a ethic of resource management and has promoted social participation and an inter-cultural approach. Now the challenge is to go from paternalism to empowerment, from isolated or sectoral focuses to integral visions, from small, single projects to investment initiatives organized around long-term local development proposals.

6. The technical focus of PRODEPINE contributed to the formation of human and social capital by strengthening local capacities. The understanding that communities have of the need to fulfill certain procedures and apply given methodologies in order to comply with technical requirements, ensure quality products and services and achieve the expected effects and impacts, disciplines local leaders and technicians and promotes a culture of planning, programming, and responsibility on the job. The experiences generated by PRODEPINE have contributed significantly to the formation and improvement of local social capital, and demonstrate the importance of institutional strengthening for improving management capacity. This has made it possible to include community demands on the agenda of local governments, promote institutional alliances, and form networks aimed to solve concrete development problems.

7. Although including communities does not in and of itself guarantee the success of an assessment or of identifying the most appropriate solutions to their problems, the empowerment of impoverished populations leaves behind their secular abandonment and increases the possibilities of adding their opinions and participation to decision making, thus opening new avenues to the prevention of deepening inequalities. In this line we have designed methodological instruments that attempt to facilitate reflection by local populations regarding their major problems, so that after studying the alternatives and analyzing the opportunities around them, rural communities can adopt the most appropriate solutions. The design of different types of

participatory instruments and methodologies has been one of the most outstanding achievements of PRODEPINE, and it is imperative to develop, strengthen and disseminate this line of work.

8. The survival strategies of indigenous and afro-Ecuadorian families combine various sources of income: agricultural activities, temporary labor, and migration. The economic viability of rural areas is not solely related to traditional agricultural production and farm wage labor, but also with the formation of micro-enterprises for production, promotion of different rural services, and in general any sector where men and women participate in employment- and income-generating activities. In the Andean areas of Ecuador, the average parcel of indigenous families is less than one hectare, so increasing agricultural productivity is not necessarily the most appropriate way to reduce poverty. Often the promotion of food security through traditional crops draws attention away from crop diversification, market opportunities and increased income. We must understand that indigenous families with very little or no land are the poorest in rural environments, so aid should not be focused solely on projects to increase land productivity. Rather it is imperative to expand the concept of rural development with a productive focus that takes rural-urban relations into account. Small to medium cities establish links with surrounding rural areas and promote opportunities for rural producers through the creation of centers that provide services or encourage trade and, in several cases, are where policy decisions are made that affect rural areas.

9. The lessons learned during these four years of PRODEPINE-funded rural investments have enabled us to draw certain conclusions: (i) The sustainability of social infrastructure investments – classrooms, water for human consumption, electricity, rural roads, childcare centers, or health centers – is ensured when operational personnel and/or supplies are included on the budgets of local public entities (offices of the Ministry of Education, the Ministry of Health and/or Municipalities). (ii) In the case of community-operated infrastructure works – community centers, radio stations, solar energy, or irrigation – their administrative powers should enable them to organize so as to make it possible to fund operational costs and recover investments by charging tariffs for service use or other means that are socially accepted by the communities. (iii) With regard to investments supporting production and community productive infrastructure, despite the importance of social capital, it is not possible to assign micro-enterprise roles to communities. (iv) Critical factors for the success of productive sub-projects include an adequate response to market demands, the risk factor that beneficiaries must assume, and the micro-enterprise organization of users. (v) Continual training, the flow of information, and systematic field monitoring of local technicians, are factors that enable qualitative improvements in the technical assistance of executing agencies and prevent local NGOs or technicians from interpreting community demands “in their own way”.

10. No doubt, PRODEPINE is a new experience in which we have all grown. We have learned to work as a team and solve problems through consensus building, and we have cultivated tolerance and understanding, in such wise that our programming and evaluation has enabled us to establish corrective measures that are necessary and appropriate to the task. PRODEPINE has been quite a positive, novel experience for us all, and has represented an opportunity to understand and experience an inter-cultural approach.

**Quito, Ecuador  
August 2002**

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<sup>10</sup> This report relates the World Bank funded activities of PRODEPINE from September 1998 to June 2002. However, we must acknowledge that our success would not have been possible without the support of the International Fund for Agricultural Development (IFAD). The ending date to close this World Bank credit agreement will be December 31st of this year, so some of the data submitted in this report will vary by final project termination.

**Quito, Ecuador**  
**August 2002**











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