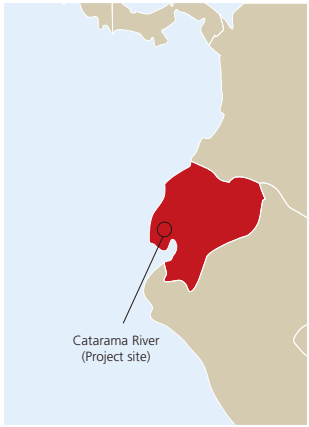
External Evaluator: Kenji Momota

Overall Rating **D**

Poverty Reduction



38 Ecuador

Catarama River Basin Irrigation Project

Building drainage channels and irrigation facilities, and thereby helping expand agricultural production and improve farmers' lives

Loan Amount/Disbursed Amount	8.594 billion yen/7.320 billion yen
Loan Agreement	February 1988
Terms & Conditions	Interest rate: 3.75% (consulting services portion: 3.25%), Repayment period 30 year (grace period 10 years), Partially untied
Final Disbursement Date	February 2003
Executing Agency	Comisión de Estudios para el Desarrollo de la Cuenca del Río Guayas (CEDEGE) (http://www.cedege.gov.ec)

Project Objectives

This project was to expand agricultural production and productivity in the Catarama River Basin by providing irrigation facilities and drainage channels in the region, and thereby contributing to improvement of better farmers' lives and regional economic development.

Effectiveness & Impact

Rating **b**

This project was designed to build head works and pump stations, outfit irrigation and drainage channels in the target irrigation region, and help make outlying arable lands more productive. Although the planted area for crops like rice and soybean was 9,002ha as the initial target, in 2004 actual planted area was below the target, reaching only 5,329ha. Rice production exceeded the planned target thanks to an increase in yield (ton/ha) which followed a switch from dry-land rice to paddy rice. However, production levels for most other crops such as soybean and cocoa were below target levels. This was largely because of inadequate agricultural technical capacity and the facts that the executing agency did not have enough budget funds, which caused to inadequate development for arable lands, in addition to the fact that some farmers dislike the idea of providing arable land. Moreover, in 1,500ha of lower basin land, measures are needed to cope with the inadequate drainage and flooding expected during the rainy season. The executing agency recognizes that coping with the drainage problem and increasing agricultural production during the rainy season continue to be concern, and is expected to come up with measures to ensure that positive outcomes are achieved. Meanwhile, according to a beneficiary survey targeting 45 households, farmer incomes have tended to rise since 2000. Therefore, this project has brought certain effects, and effectiveness is moderate.

Interview-based studies of farmers

Relevance

Rating **a**

Both at the time of the appraisal and at the time of the ex-post evaluation, this project has highly relevant with national plans and policies for the agricultural sector. During both the appraisal and the ex-post evaluation, implementation of irrigation projects was deemed important in Ecuador.

Efficiency

Rating **c**

Project costs slightly exceeded the plan, reaching 108% of target, and project duration was much longer than planned, reaching 303% of target. Therefore, the evaluation for efficiency is low. Among the reasons cited for the delay were: a shortage of domestic currency brought about by an economic crisis; delays in land acquisition resulting from the late budgetary allocations by the government; the construction suspension on account of El Niño phenomena; and the fact that the executing agency was changed.

Sustainability

Rating **b**

Although the executing agency's financial status and operation and maintenance system are adequate, because the central government has disbursed only around 10% of the budget allocations requested by the executing agency, the financial resources for this project needed for operation and maintenance are far from secure.

Conclusion, Lessons Learned, Recommendation

In light of the above, the evaluation for this project was low. As far as lessons for the future are concerned, a study of how to meet the needs of those in outlying arable lands should have been conducted in the planning stages. It is also recommended that educational activities be conducted to encourage local residents to utilize the irrigation facilities, and that establishment of a lending system for farmers be implemented.

Third-Party Opinion

As natural disasters and political instability hampered agricultural productivity, effectiveness for this project is still low at present. In the future, project effectiveness can be improved by strengthening the functions of irrigation associations and providing technical support for beneficiaries.

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