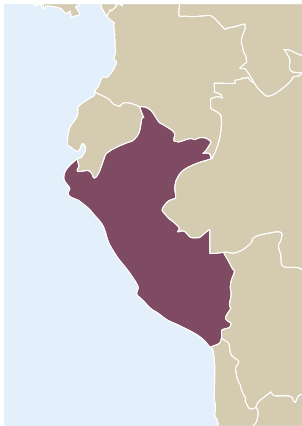


Overall Rating **A** Poverty Reduction
Global Issues and Peace-building



46 Peru

Sierra - Natural Resources Management and Poverty Alleviation Project

Contributing to the improvement of agricultural productivity by the of development agricultural infrastructure and agricultural technical support

Loan Amount/Disbursed Amount 5.677 billion yen/2.986 billion yen

Loan Agreement Terms & Conditions

November 1997
Interest rate 2.5% (consulting firm portion 2.1%),
Repayment period 25 year (grace period 7 years), General untied

Final Disbursement Date Executing Agency

February 2004
National Program for the Management of Watershed Basins and Soil Conservation (PRONAMACHCS)
(<http://www.pronamachcs.gob.pe/>)



Project Objectives

The objective was to raise agricultural productivity and conserve soils and forests in 125 microbasins in Peru's Sierra region through agricultural infrastructure development such as soil conservation, small-scale irrigation, tree planting, alongside activities such as agricultural technical supports. The project was expected to contribute to poverty alleviation and environmental conservation in the region.

Effectiveness & Impact

Rating **a**

The agricultural infrastructure development under this project generally proceeded according to plan. In a beneficiary survey (246 households in 13 communities), after the implementation of project, increases in unit yields of corn and potatoes were observed along with an increase of household income by 17%. Through the tree-planting program, the afforested area in the province covered by this project became 25,000ha and the forested area is expanding steadily. In addition, some of the warehouses constructed by this project were used to raise small animals, thus diversifying sources of income in the region. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

Relevance

Rating **a**

This project has been highly relevant with Peru's national policies both at the time of the appraisal and at the time of the ex-post evaluation. Reducing the poor stratum of the population by half was a policy objective at the time of the appraisal. Negative Effects on farming activities from the deterioration of the natural environment such as soil erosion and depletion of forest areas were also an issue. At the time of the ex-post evaluation, poverty reduction and environmental conservation remained top issues.

Changes in unit crop yields by crops in project areas (tons/ha)

Crop	1995	2005
Corn	1.9	2.0
Potatoes	4.7	5.4
Wheat	1.5	1.5
Lima Beans	2.1	2.9
Peas	2.2	3.0

Source: Results of beneficiary survey

Efficiency

Rating **b**

Project costs were lower than planned while project period slightly exceeded the planned period (123% of planned period); therefore the evaluation for efficiency is moderate. Causes behind delays include budget constraint due to the efforts to curtail fiscal deficits by the Peruvian government.

Sustainability

Rating **a**

No major problem has been observed for capacity of the executing agency nor the operation nor its maintenance system; therefore, sustainability of this project is high. Maintenance of facilities is being carried out by an o farmers' association which are benefited from beneficiaries. No problems are noted for technical, organizational, or financial capabilities of these associations.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be highly satisfactory. It has been pointed out that the executing agency does not set and manage performance indicators for each microbasin. It is desirable that evaluation and monitoring systems would be created for this project and that policy would be adopted to support farmers' agricultural activities.

Third-Party Opinion

Although this project continues to be consistent with national policies, the production of export crops is being newly emphasized in agriculture related policy. Taking into account this policy, there is a need to adopt measures focusing on farmers' educational level.

Name of specialist: Mr. José Luis Banchero (academia)
Graduate of faculty of law, Complutense University, Lawyer. Founded the television station Unitel in Lima in 1980 and remains the same position to the present day.