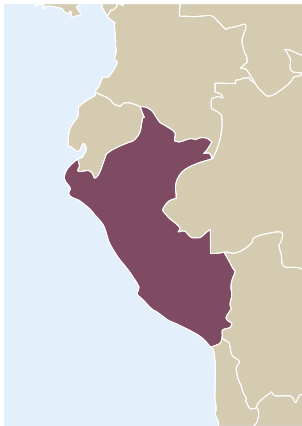


Overall Rating **A** Poverty Reduction
A Foundation for Sustained Growth



47 Peru

Social Sector Development Project in Amazon Area

Social Sector Development Project in Sierra Area

Contributing to the improvement of livelihoods and living environment by developing the infrastructure in impoverished areas

Loan Amount/Disbursed Amount 12,979 billion yen/7,765 billion yen
Loan Agreement November 1997 (Amazon), April 1999 (Sierras)
Terms & Conditions Interest rate 1.7–2.7%, Repayment period 25 year (grace period 7 years), General untied
Final Disbursement Date February 2004 (Amazon), August 2003 (Sierras)
Executing Agency National Compensation and Social Development Fund (<http://www.foncodes.gob.pe>)



Project Objectives

The objective of this project was to implement small-scale infrastructure development projects in impoverished areas, thereby improving access to the social and economic infrastructure, attaining improvements in social services, and contributing to the alleviation of poverty and to the creation of employment opportunities.

Effectiveness & Impact

Rating **a**

Infrastructure development projects such as water supply facilities, latrines, rural roads, bridges, and small-scale electrification were implemented through this project. In a beneficiary survey (administered to approximately 300 households in 16 communities in areas covered by this project), household expenses were observed to have decreased in the past 10 years due to a more than 50% reduction in household medical expenses. In the same survey, approximately 30% of respondents indicated dramatic improvements in water quality, the burden of women's housework, water collecting labor, and the family's sanitary conditions. Therefore, this project is considered to have contributed to the improvement of the living environment of areas covered by this project. Survey responses also indicated that road development projects made commuting to schools easier and made possible the transport of agricultural products. From 1993 to 2003, the extreme poverty rate (non-monetary economy) was reduced by half, from 57% to 24%. 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. At the time of appraisal, reducing the poorest segment of the population by half was raised as a policy issue and policy



A community road constructed by this project

was adopted to reduce poverty in the Amazon and Sierra areas, where the poorest section of the population is concentrated. Policy to reduce poverty in the same areas was also emphasized at the time of ex-post evaluation and the implementation of this project was in compliance with the policy issues.

Efficiency

Rating **b**

Project costs were lower than planned (61% of the planned amount), the project period was slightly longer than planned (109% of planned period); therefore the evaluation for efficiency is moderate. Project delays were caused primarily by a delay in project implementation due to Peruvian government's fiscal austerity.

Sustainability

Rating **a**

According to a beneficiary survey, with the exception of the latrine development project in the Amazon area, more than 70% of respondents indicated that the infrastructure developed by this project was operating without problems. Excluding electrical distribution facilities, the daily maintenance of completed facilities does not require a high level of technical expertise. Local residents, who are the beneficiaries of this project, are performing daily maintenance. 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.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be highly satisfactory. It is desirable that an evaluation and monitoring system would be established within the executing agency. Furthermore, in conjunction with the implementation of this system, collaboration with municipal governments and other organizations in project areas is recommended.

Third-Party Opinion

Implementation of this project has strengthened beneficiaries' organizations before this project. As there is strong interest in the project, cooperation between NGOs and local residents is expected in the future.

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