ICR Review
Operations Evaluation Department

Report Number : ICRR10074

1. Project Data :	
OEDID:	C2119
Project ID :	P006152
Project Name :	Eastern Lowlands: Natural Resource Management and Agricultural Production Project
Country:	Bolivia
Sector:	Other Agriculture
L/C Number:	C2119
Partners involved :	KfW (German government)
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2. Project Objectives, Financing, Costs and Components :

The project's objectives were to: (a) develop a land use plan for the Eastern Lowlands; (b) increase the production of tradable crops (particularly soybean and wheat); (c) improve farmer access to technology and credit; (d) upgrade rural roads and storage; (e) introduce market pricing of public lands; and (f) assist indigenous communities demarcate their lands.

Project components (and their respective shares of the estimated base cost) were: (a) natural resource management (11%); (b) credit (57%); (c) agricultural research (5%); (d) agricultural extension (7%); (e) rural roads and storage (17%); (f) indigenous communities (2%); and (g) administrative support (1%).

The complexity of the project reflects the grafting of environmental and indigenous issues on to an original project idea that focused on boosting output of tradable commodities to strengthen the balance of payments .The Credit Agreement was amended in 1993 to transfer resources from the unsuccessful credit component to other components: at this point, the environmental objectives became paramount . Estimated project cost was US$54.6 million. This was to be financed by IDA (64%), Government (26%) and German aid (10%). Actual project cost was US$42.5 million. The project closed in June 1997, 18 months later than expected. About US$2.4 million of the IDA credit will be canceled once the Special Account has been recovered .

3. Achievement of Relevant Objectives :

The land administration objectives were substantially achieved : a land use plan was successfully completed; the land legislation was overhauled, culminating in an Agrarian Reform Law (1996) which introduced market pricing for public lands; and 250,000 hectares of indigenous lands were demarcated (although only six of the anticipated eleven communities were served during the project; also, the target area for demarcation is not specified in the SAR). Output growth targets were exceeded. In Santa Cruz Department (where the project was centered), agricultural output value increased by 96% over the life of the project and soybean and wheat volumes rose respectively fourfold and threefold. The ICR attributes 37% of the increased output to the project but the lack of detailed indicators in the SAR and the absence of a with/without project model make it hard to verify the accuracy of this attribution . Access to credit was not significantly enhanced and small farmers were neglected : only 16% of the anticipated number of loans were made and yet 41% of the credit component was disbursed, indicating that lending was biased toward larger farmers. Targets for research and extension were not specified in the SAR; but the ICR claims success in developing and disseminating appropriate technology packages . Improvements to rural roads covered 410 kms rather than the expected 300kms.

4. Significant Achievements :

At midterm review (1993) the project was successfully refocused on public goods (land administration, improved access roads, stronger research and extension on sustainable farming practices), rather than credit. The Bank and the project unit played a major role in focusing government's attention on neglected environmental and indigenous issues. Several outcomes sponsored by the project---the Land Use Plan, new farming technologies, and indigenous lands' demarcation--are potentially of pivotal significance for the country's long -term development.

5. Significant Shortcomings :

To a large extent (57% of estimated cost), this was originally designed as a credit project; but it failed to deliver loans to small farmers. Deforestation associated with farming expansion exceeded SAR estimates : 24,413 km2 compared to 17,000 km2. The SAR contains copious project cost data but disproportionately little on expected outcomes : results-based indicators were not specified during project design making it hard to quantify the project's achievements with any precision.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Partial	Modest	Same rating but different permitted terminologies (ICR/OED)
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

(a) Rather than providing lines of credit, projects should invest in the institutional development required to deliver sustainable financial services to small farmers.

(b) The scope for reorienting projects at midterm should be fully exploited .

(c) On sensitive environmental and indigenous issues, patient advocacy and coalition building yields results in the long term.

8. Audit Recommended? ● Yes ○ No

Why? New lessons: although the failed credit component probably is of little interest from a lessons perspective, the land administration component had important consequences (including policy reform and a follow-on project) that are worthy of closer study. Also, the lack of adequate outcome indicators and the difficulty of attributing production gains to the project suggest that there may be grounds for an accountability audit .

9. Comments on Quality of ICR :

The grounds for attributing 37% of incremental output to the project are not explained and there are no tables in the Statistical Annex to show how the ERR (re-estimated at 36%) was derived. The Borrower's comments on the ICR are included (Appendix B) but is not clear if the German co-financier was invited to comment.