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PROJECT PERFORMANCE ASSESSMENT REPORT

REPUBLIC OF COLOMBIA

PRODUCTIVE PARTNERSHIPS SUPPORT PROJECT, PHASE I

(LOAN NO. IBRD 70970)

October 26, 2015

IEG Public Sector Evaluation
Independent Evaluation Group

Currency Equivalents (annual averages)

Currency Unit = Colombian Pesos (Co$)

2002	US$1.00	Co$2,844
2003	US$1.00	Co$2,771
2004	US$1.00	Co$2,404
2005	US$1.00	Co$2,286
2006	US$1.00	Co$2,225
2007	US$1.00	Co$1,972
2008	US$1.00	Co$2,200

Abbreviations and Acronyms

CAS	Country Assistance Strategy
CIAT	International Center for Tropical Agriculture
CPS	Country Partnership Strategy
DNP	National Planning Department
ERR	Economic Rate of Return
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
IAPA	Index measuring Social Cohesion
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IEG	Independent Evaluation Group
IEGPS	IEG Public Sector Evaluation
INCODER	Colombia Institute for Rural Development
INCORA	Colombian Institute for Land Tenure Reform
IRR	Internal Rate of Return
MADR	Ministry of Agriculture and Rural Development
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NPV	Net Present Value
OGA	Local Management Organization
OGR	Regional Management Organization
PAD	Project Appraisal Document
PIU	Project Implementation Unit
PPAR	Project Performance Assessment Report
PO	Producer Organization
SA	Departmental Secretariats of Agriculture
SISBEN	Database System of Potential Beneficiaries of Social Programs
TA	Technical Assistance

Fiscal Year

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Principal Ratings

	ICR*	ICR Review*	PPAR
Outcome	Satisfactory	Satisfactory	Moderately Satisfactory
Risk to Development Outcome	**Likely (Sustainability)	**Likely (Sustainability)	Significant
Bank Performance	Satisfactory	Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGWB product that seeks to independently verify the findings of the ICR.

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IEG Mission: Improving World Bank Group development results through excellence in evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20-25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEG peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEG incorporates both Bank and borrower comments as appropriate, and the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEG Rating System for Public Sector Evaluations

IEG's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: http://worldbank.org/ieg).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High, Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Preface

This is a Project Performance Assessment Report (PPAR) of the Colombia Productive Partnerships Support Project (IBRD-70970) which was approved on January 22, 2002, became effective on May 15, 2002, and closed on September 30, 2008. The project performance assessment considers, but does not formally assess, the progress made under the follow-on Colombia Second Rural Productive Partnerships Project (IBRD-74840) that was approved on August 21, 2007 and became effective on January 17, 2008. The Second Phase project closed on June 30th, 2015. The total project cost at appraisal was US$52.32 million. The IBRD loan amount was US$32.00 million of which US$22.00 million was disbursed by the extended closing date of September 30, 2008. The final total project cost was US$30.40 million. Project financing was reduced considerably in 2003 due to slow implementation and a reduction in the borrower contribution due to unanticipated shortfalls in the Government budget.

IEG selected this project for a field assessment for three reasons. First, to verify that the World Bank's activities are producing anticipated and expected results. Second, to assess risk to development outcomes, or sustainability, over time. And third, to support an improvement in directions, policies and procedures through the dissemination of lessons drawn for future Bank support in the area of rural development in Colombia and globally. The assessment will also be included in IEG's Macro-Evaluation of the World Bank Group's Support for Inclusive Growth of the Rural Non-Farm Economy *(forthcoming).*

This assessment is based on a desk review of project documents, including the: Project Appraisal Document, legal documents, Implementation Status Results Reports, Aid-Memoires and Back to Office reports, Reporting on Environment and Social compliance, and the Implementation Completion and Results Report. The IEG assessment also utilizes the Management Information System, Monitoring and Evaluation Database, and external impact assessments of the project. A Field Mission was conducted between the dates of February 7th – 22nd, 2015 that included interviews with Government officials, former project staff, and implementing NGOs. Site visits to seven Producer Organizations located in six separate rural departments and two private commercial partners were also conducted to obtain beneficiary feedback. Interviews were also held in Washington DC with relevant Bank staff.

The mission expresses its appreciation for the time, attention and support of the Borrower and all concerned parties, particularly the Ministry of Agriculture and Rural Development and the Project Implementation Unit. It also wishes to thank Gipsy Bocanegra and Cristina Gutierrez Barragan, who provided research and logistical support for the mission. The assessment was Peer Reviewed by Jack W. Van Holst Pellekaan, Senior Agricultural Specialist and Consultant in IEG, and Panel Reviewed by Christopher Nelson, Senior Evaluation Officer, IEG. A full list of persons met is provided in Annex B.

Following standard IEG procedures, copies of the draft report were sent to government officials and agencies. Government comments – taken into account in making revisions to this assessment - are attached in full in Annex C of this document.

Executive Summary

This is a Project Performance Assessment Report (PPAR) of the Colombia Productive Partnerships Support Project (IBRD-70970), which was approved on January 22, 2002 and which became effective on May 15, 2002. The total project cost at appraisal was US$52.32 million. The Credit was US$32.00 million, out of which US$22.00 million was disbursed by the extended closing date of September 30, 2008. The final total project cost was US$30.40 million. Following a request by the Government in 2003, project financing was reduced. The Government reduced its contribution by US$11.9 million and consequently the World Bank loan reduced its credit by US$10 million. The reasons provided for the reduction in borrower financing included slower than anticipated implementation and severe pressures on the Government's fiscal situation.

The objective of the Colombia Productive Partnerships Support Project - **the relevance of which is rated Substantial by this assessment** --was to generate income, create employment and promote social cohesion of poor rural communities in an economic and environmentally sustainable manner through the development and implementation of a demand-driven, productive partnership scheme with the private sector. The objective of reactivating the rural economy was aligned with the aim of the peace building processes in Colombia's conflict affected rural areas. Integrating the rural poor into the productive economy, especially in areas effected by conflict and violence, was a top priority of the Government of Colombia at the time of project design. The project objective relevantly aimed to reach deep into Colombia's poor rural communities- those remote communities lacked access to markets, agro-processers and buyers, and rural finance. The objective statement could have been strengthened by clarifying the definition and scope of the project's social cohesion aim.

The **Relevance of Project Design** is rated **Modest**. The designed components and project processes were partially consistent with the stated objectives and the results framework. The project set out to achieve its objective by helping low-income farmers to improve production of agricultural crops, and to market output collectively - thereby helping them to increase incomes and create employment opportunities. However, in order to verify the generation of incomes and the creation of employment for poor rural communities - greater attention should have been paid to the monitoring and tracking of employment and income generation outcomes for the rural poor within the groups organized within the project targeted communities. The implementation experience also revealed that more information, awareness raising and training was needed for the commercial partners to work more effectively with the project supported small-scale farmer organizations. The financial needs of the agro-processors were also not adequately considered with regard to the capital investments needed as a result of the supply increase from the smallholders. Project design could have also benefitted from specific and differentiated capacity development for both the producer organizations and commercial partners, including in areas where there was the trust deficit was higher.

The extent to which the objective of generating employment of poor rural communities was achieved is rated Substantial. As reported in the external impact evaluation, employment levels increased between 5 to 50 percent within 17 sampled Producer Organizations, varying according to partnership type. Further evidence is provided by the project's economic analysis conducted by the United Nations Food and Agriculture Organization (FAO) that reported that, on average, incomes increased by 70 percent (matching the project's revised target and exceeding the appraisal target of 50 percent). On average, additional employment generation due to the project was estimated by FAO to be 0.8 person/year/farm. Feedback from beneficiary interviews conducted after project close reaffirmed these project findings. Beneficiaries attested that support from the project enabled them to hire additional labor, mostly for off-farm activities. Like the reporting on incomes, while there is substantial evidence that the project supported additional employment in rural poor areas, a lack of disaggregated data limited the assessment's ability to know whether the additional employment had an impact on the rural poor.

The extent to which the objective of generating income of poor rural communities was achieved is rated Substantial. The project helped to establish productive partnerships for 136 producer organizations, of which 85 were still in existence seven years after project closing (the cumulative failure rate at the time of this assessment was 37.5 percent). The project provided, on average, US$1,681 of credit to each of the 11,714 farming families targeted. An independent impact assessment of 20 partnerships showed that for 17 of these, the average income of smallholders in the partnerships increased between 12 and 32 percent. Issues with the methodology used to construct the control groups prevented a comparison with non-project beneficiaries however. A separate economic analysis conducted by the United Nations Food and Agriculture Organization, using a random stratified sample of 23 productive partnerships, reported that, on average, participant incomes increased by 77 percent during the project period but with significant variation depending on the commodity associated with the partnership. For the 62 percent of the partnerships that survived, it is likely that members are continuing to benefit from the increased incomes derived from engagement in the partnerships. However, since the project did not include disaggregated reporting of benefits, it is unclear whether the poor are equally benefitting from the reported increases in income, or whether the partnerships that have survived were equally comprised (of rural poor participants) as the partnerships that have failed along the way.

Poverty and Environmental Sustainability were cross-cutting themes, embedded in the objective statement of this project. While the project did not collect HH level data on poverty, incomes or employment, it targeted communities in areas that were, on average, poor. Studies conducted by the Ministry of Agriculture and Rural Development indicate that the majority of persons participating in the project were likely to be poor. By comparing the project beneficiary groups (for both Phase I and II of the project) to the Social Welfare Roster (*Red Unidos*), the study found that 75 percent of the persons registered as participants in the productive partnership projects were also participating in the social welfare programs. Of these, 61 percent were also physically located in remote poor rural areas, and a third of this group was registered as poorest of the poor.

Environmental sustainability was mainstreamed in the project, but there is a need to continue to support strengthened environment management capacity and mainstreaming in the agriculture sector. In both the ICR and subsequently in a report provided to the PPAR team, there was a concern expressed about environmental compliance at the subproject level. However subsequent comments received from the Bank and the Government revealed that every sub-project included environmental screening and a full environmental plan and that for the 85 partnership that still exist, 81 percent continue to implement their environmental plan. The Final Project Management Report concluded that it is important to broaden environment management engagement, beyond the environment experts, to include sensitization of the project's participating communities.

The extent to which the objective of promoting social cohesion of poor rural communities was achieved is rated Modest. The project used the term social cohesion in various ways, at times referring to (a) the cohesion within the producer organizations and between these organizations and commercial partners, and (b) the general cohesiveness of society in a country affected by violence and conflict. This affected the ability of the project to ring-fence its definition and to apply appropriate measurement tools. While no baseline was established, the project measured social cohesion during implementation with the use of a Social Partnerships Index (Impact Evaluation, 2008) that was designed to unilaterally capture farmers' perceptions about the degree of social cohesion within producer groups and between these groups and their commercial partners. Using this methodology, the project reported that only 35 percent of partnerships received an adequate score (i.e. scores higher than the 2nd quintile) while the project, as designed, had aimed for 70 percent. The low scores are attributed to the lack of mutual trust and lack of direct contact between producers and commercial partners. The increasing failure rate of the producer groups over time (from 13 percent to 37.5 percent) could have been in part influenced by these dynamics.

Economic efficiency is rated Modest, mainly due to weaknesses in reporting. The economic analysis conducted by FAO at project close of 23 partnerships reported that the project achieved an internal rate of return of, on average, 20 percent (with a high variation between partnerships). Sixty-nine percent of partnerships had an economic rate of return higher than the discount rate of 12 percent, 31 percent had an economic rate of return lower than 12 percent and 13 percent had a negative IRR. There were shortcomings associated with the assessment of the efficiency of this project in the ICR however. The methodology used to conduct the rate or return analysis used recall data to determine project attributable change in income over time. Income data was collected at the level of the group, so that average incomes were estimated against the earnings of a few of the group members, or estimated on the basis of these members' understanding of the average change in income for all members over time.

Another area related to efficiency that deserves further attention and study is the value for money associated with this project's service delivery model. On average, it cost the project US$657 per family to form a partnership (including all project management support) to deliver US$280 of additional income per family in the first year, with a projected additional US$2,300 annual incremental income within three to four years after project close. Given the failure rates, the cost estimates collected at project close, as well as actual gross sales figures provided by the Government, the basis for the projected incremental benefits per family of US$2,300 is weak.

The **Outcome is rated Moderately Satisfactory.** While the project objective is rated substantially relevant, and while the project substantially met two out of the three project aims, design – rated modest - had several weaknesses and efficiency is rated modest owing mainly to the insufficient methods that were used to measure and report on the economic analysis at project's close. Value for money also appears to be somewhat undermined by the costs of service delivery compared to the estimated gross revenues attributable to the project support. Overall, the project modestly achieved efforts to promote social cohesion of poor rural communities, as determined by an index implemented by the project.

Bank Performance is rated Moderately Satisfactory, based on a moderately satisfactory quality at entry and satisfactory supervision. The model of productive partnerships - that brings together small scale farmer producer organizations and commercial entities with the support of Government and civil society was a new and innovative operation. The validity of the model was borne out by the implementation of a pilot project including 6 partnerships that were successfully implemented. For these to be implemented at scale, more attention was needed for capacity building and technical assistance, especially in the absence of robust extension services. Quality at entry could have also benefitted from a deeper investigation of the needs of commercial buyers to ensure more effective market relevant partnerships. A project designed to measurably increase incomes and employment, quality at entry was also weakened by the absence of a baseline to track project attributable change. The project's social cohesion aim required greater specificity and more meaningfully tools to monitor, track and correct for issues related trust or cooperation challenges that undermined effectiveness at the group and project level. Project supervision was flexible, adaptive and responsive. While weaknesses in the monitoring and evaluation system were not wholly corrected, supervision made several adjustments in response to the project mid-term review that improved performance. These included an improvement of partnership profiles through simplification of requirements and attention to strengthening the capacity of local governments. After mid-term, the project also increased the participation of the private sector through prioritizing projects that had a higher private sector investment contribution.

Borrower Performance is rated Satisfactory based on satisfactory performance by the Government and the Implementing Agency. The National Planning Department and the Ministry of Agriculture fully complied with the project's legal covenants. The Ministry of

Agriculture recruited a Project Implementation Unit made up of experienced and committed experts, most of whom stayed with the project and provided continuity in project management and implementation. On the other hand, faced with an unexpected deterioration in its fiscal position caused by a combination of endogenous and exogenous factors the Government reduced its financial contribution. Despite the considerable reduction in financing, the Project Implementation Unit, in tandem with the Bank, helped to effectively oversee implementation of the core aspects of the project. The project's financial management and procurement performance were satisfactory. The Government's commitment and strong interest in the productive alliance model was further demonstrated by their support for a second phase.

Lessons

In Productive Partnership Projects, sufficient attention needs to be paid to the needs of both farmers and buyers. In the case of this first phase of the Colombia Productive Partnership project, more attention was paid to the productive capacity of the smallholders than to the commercial entities, the latter requiring greater awareness about the new opportunities for engagement created by the project.

Revolving credit mechanisms in rural areas should be designed in line with the capacity of the user. In the first phase Colombia Productive Partnership project, revolving funds were an effective tool for mature producer organizations for accessing essential financing. Established relationships and trust within existing organizations led to the effective use of these funds. Less mature partnerships however were unable to effectively utilize these fund mechanisms. Given the very limited repayment rates of immature partner organizations, a grant scheme would have been a more relevant tool, as the project's design had originally proposed.

Producer Alliances require a differentiation in design that takes into account trust, relationships, and maturity to determine the level of value added that a productive partnership project is likely to generate. Coffee producers, for example, already had mature linkages through the Federation of Coffee Producers, while some other alliances had access to Government financing. In these cases the value added by the project may have been minimal, and the funds may have been put to better use in less mature producer organizations. Likewise, the project could have been grounded in a better understanding of the effects that conflict has on trust when forming alliances in conflicted affected areas.

Productive partnership projects are more likely to succeed when they are part of an integrated rural development approach. Such an approach would include attention to binding constraints in the rural space that limit the income earning potential of the farmer alliances. In Colombia, these constraints included poor rural infrastructure (storage roads and power) and weak extension services. These constraints were particularly felt by productive partnerships engaged in the production of perishable items, where the lack of cold storage and the high costs of transport limited their income earning opportunities.

1. Background and Context

Background

1.1 Colombia's diverse climate and topography permits the cultivation of a wide variety of crops. The country's main agricultural products are coffee, cocoa, sugar cane, coconuts, bananas, plantains, rice, corn, cotton, tobacco, cassava, flowers, beef and dairy cattle. The sector is dominated by small-scale productive units with roughly 68 percent of owners possessing land plots that are 5 hectares or smaller representing just 4 percent of all agricultural land. Less than one percent of farmers (0.4 percent), on the other hand, possess land holdings that are 500 hectares or greater that together account for 47 percent of all agricultural land use. Small family farms typically produce annual crops (wheat, potato, beans, and vegetables) as well as perennial crops (cassava, cocoa, plantain, fruit, and panela cane). The links between smallholders and agro-industry are most notable in the cases of coffee, milk, and palm oil, but they have also been intensifying for some fruits, panela, and potatoes.

1.2 The development of the smallholder sector has been hampered by several constraints. While access to electricity is high (94 percent of the total population had access to electricity in 2009), road connectivity is poor, especially with regard to secondary and tertiary roads critically needed for expanding commercial opportunities in the agricultural sector. One fifth of the secondary road network and one third of the tertiary network are characterized as "bad" (OECD, 2015 a). Since appraisal, the mobile phone network has expanded considerably, with 98 percent of the population now having access to a mobile phone. However only 40 percent of the population has access to the internet, with access rates in rural area being much lower, affecting farmers' ability to access critical commodity pricing and other types of market information.

1.3 At the time of project appraisal Colombia's rural areas had various difficulties as summarized below: untapped agricultural potential primarily due to violence in rural areas, poverty, conflict and rural violence, unequal access to land and lack of access to finance.

1.4 ***Agriculture.*** Although agriculture's share in Gross Domestic Product (GDP) was declined from 18 percent in 1990 to 14 percent 1999, at appraisal, agriculture employed 23 percent of the labor force and also contributed to 28 percent of foreign exchange earnings (PAD, p. 4). Colombia had abundant unutilized lands in spite of its rich natural resource endowments. In 2001, of the 18 million ha of potential agricultural land, only 4 million ha was cultivated. Between 1985 and 2001, about 1 million ha of land was converted from cropping to grazing areas. This dynamics are linked to the high level of violence that was taking place in the country's rural areas that stymied investment in agriculture and also limited the delivery of agricultural services (Agricultural and Rural Competitiveness Report, 2003).

1.5 ***Poverty.*** In the late 1990s, the extreme poverty rate in Colombia was high at 20 percent (1997) and the incidence of poverty was 3 times higher in rural areas (CAS FY 97). The poverty rates increased further in early 2000s, with rural poverty at a level of 75 percent and extreme rural poverty at about 30 percent (OECD, 2015 a). Income inequality was also an issue with a Gini Coefficient of 0.50 (Poverty Study, 2000). A farmer household survey on agricultural producers was carried out as part of the project preparation process and found that poverty among this group was approximately 80 percent. Seventy percent of the population that had incomes below subsistence levels lived in rural areas.

1.6 ***Unequal Access to Land.*** Colombia's agricultural landholdings have been highly concentrated in the hands of a small proportion of the population for hundreds of years. Although, more than US$3.5 billion was spent on land reform between 1961 and 1999, resulting in 1.5 million hectares being redistributed to 102,000 rural families, further concentration of landholdings has occurred (Agricultural and Rural Competitiveness Report, 2003). In the early 2000s, land inequality in Colombia was one of the highest in the World, with a Gini coefficient of 0.85 (Deininger, Lavadenz, 2004); about 78.8 percent of farms had less than 10 ha of land (Agricultural and Rural Competitiveness Report, 2003). Inefficient rural land markets, as well as benefits provided to large-scale holdings, through tax advantages, access to credit, and inflation protection, have perpetuated this pattern of inequality and misuse (Agricultural and Rural Competitiveness Report, 2003). Unequal concentration of land has produced widespread land underutilization. Larger holdings had been extensively used for livestock operations and only 30 percent of land suitable for agriculture was utilized for crops (Deininger, Lavadenz, 2004).

1.7 ***Rural Violence*****.** The conflict and political struggles between Liberals and Conservatives in Colombia has been an ongoing phenomenon. In the 1960s, guerilla movements promoting agrarian land reform routinely attacked government forces in rural areas. In the 1980s, the dynamics of the conflict changed when the onset of the illegal drug trade and right wing paramilitary groups started to clash with guerilla movements. This resulted in approximately 1.9 million people being displaced in the 1990s (PAD page 4). In the early 2000s, violent events and criminal activities started to decline due to increased military and police-force power and demobilization of paramilitary groups. (Fernandez, Ibanez, Pena, 2011, page 10-11).

1.8 Armed conflict, population displacement, and the cultivation of illicit crops has negatively affected agricultural production, its contribution to growth, and smallholder welfare. A report by OECD (2015 a.) has found that these factors have reduced agricultural GDP by 3-6 percent. The conflict further exacerbated land inequality by shifting more of it into the hands of drug traffickers and the elite. Land holdings over 500 ha increased from 32 percent of total land in 1984 to 45 percent in 1997. (PAD page 4). Cropping patterns during these violent periods were also affected as small farmers reverted to less risky, but less profitable, crop choices.

1.9 ***A Lack of Access to Finance.*** Access to finance is limited and segmented in rural areas. At the time of project design, it was estimated that roughly 8 percent of rural households had access to formal credit and access to deposit services was about 20 percent. At the time of design, the rural credit market was also very fragmented: Banks typically only loaned large amounts to large- and – medium-scale farmers. Public support to agricultural credit mainly benefited the well off. According to the PAD (p. 5), lack of credit was a particular issue for small scale farmers who had little or no collateral and for those producers interested in making long-term investments. And despite the existence of 80 percent government guarantees on loans to farmers, banks were still reluctant to lend to this group.

Project Context

1.10 The origins of the project date to the mid-1990s when the Borrower and the Bank assessed the possibility of a market-based land reform project. But after the elections, in 1999, the new Government changed priorities. The Borrower decided to drop the idea of a market-based land reform project - in spite of a successful NGO led pilot experience – and expressed interest instead in a project linking farmers to market. This decision coincided at the time with the thrust of the Government's countrywide program geared towards promoting agricultural value chains. The Productive Partnership Project was designed to align with this new policy initiative. The project design has since been replicated in many other countries in the Latin America Region. Currently there are about 18 World Bank projects in Latin America Region that utilize the productive partnership approach.

Methodology

1.11 The project performance assessment applied a mixed-methods approach that included a desk review, interviews with the Government, project and Bank staff, a review of available evaluative evidence (evaluations conducted by *Econometria Consultares*, FAO, the Center for Tropical Agriculture, and the Ministry of Agriculture and Rural Development) and, to a limited extent, beneficiary feedback. In order to learn lessons about project implementation, IEG conducted group interviews of a non-representative sample of 7 of the 23 Producer Organizations that were randomly selected from the groups interviewed by the economic analysis exercise. The group of seven included one failed partnership. Time and resource constraints limited the assessment's engagement with producer organizations. Two commercial agro-processor partners were nevertheless interviewed to obtain a better sense of this constituencies concerns and needs. Regional implementing agencies and NGOs involved in the project were also interviewed. In Bogota, the team met with the Ministry of Agriculture and Rural Development (MARD) as well as with the Project Implementation Unit staff in MARD, the Ministry of Finance, donors, the Impact Evaluation Consulting Company and the Trust Fund Company, FIDUCOLDEX.

2. Objectives, Design, and their Relevance

Project Objectives and Design

2.1 The Loan Agreement (p. 24) and the Project Appraisal Document (p. 2) stated the same project development objectives, which were "to generate income, create employment and promote social cohesion of poor rural communities in an economic and environmentally sustainable manner through the development and implementation of a demand-driven, productive partnership scheme with the private sector." IEG divides this objective into the following three sub-objectives and treats the economic and environmental sustainability of these aims as cross-cutting themes:

1. *Generate incomes for poor rural communities*
2. *Generate employment for poor rural communities*
3. *Promote social cohesion for poor rural communities.*

2.2 **Targeting:** The PAD noted that "the project was to contribute to: (i) reactivating the rural economy; (ii) improving the living conditions of poor rural inhabitants; and (iii) generating an enabling environment for peace" (page 2). The project was also described in the PAD as a poverty targeted intervention. The target population consisted of "low-income smallholders with underexploited land plots, rural day laborers without land and displaced families" (PAD, p. 13).

2.3 **Definition:** The project aim was to be achieved by supporting the development and implementation of demand-driven, productive partnership schemes with the private sector A "productive partnership " is defined as "any collaborative arrangement between an organization of small producers and an agribusiness or commercial enterprise with the objective to improve productivity and marketing efficiency in a particular value chain" (ICR, p. 1).

Relevance of Objectives

2.4 The objective of generating income, creating employment and promoting social cohesion of poor rural communities in an economic and environmentally sustainable manner (through the development and implementation of a demand-driven, productive partnership scheme with the private sector) was and remains **substantially relevant**.

2.5 The objective of reactivating the rural economy was aligned with the aim of the peace building processes in Colombia's conflict affected rural areas. Integrating the rural poor into the productive economy, especially in areas effected by conflict and violence, was a top priority of the Government of Colombia at the time of project design. The project objective relevantly aimed to reach deep into Colombia's poor rural communities- those remote communities lacked access to markets, agro-processers and buyers, and rural finance. The objective statement could have been strengthened by clarifying the definition and scope of the project's social cohesion aim.

2.6 **Alignment with Country Strategies**: Specifically, the project development objectives were aligned with the 1997 Country Assistance Strategy which focused on overall growth, poverty reduction, improving social conditions and sustainability of development actions, although the project was not specified as part of its lending program. The project was included in the base-case lending program for Colombia in the CAS Progress Report (R99-201) that was presented to the Board on November 18, 1999. It contributed to the CAS objectives by helping to improve agricultural production geared towards increasing the incomes and creating employment opportunities for the small scale agricultural sector and thereby promoting rural development. During the life of the project the objectives remained relevant to subsequent Country Strategies. The project development objectives were closely linked to the Poverty Alleviation and Equity of Opportunity Pillar of the CPS FY08-12 that aimed to support agriculture competitiveness and rural poverty reduction. IEG's Country Partnership Completion Review of Colombia

(2011) rated the outcome of this pillar as Moderately Satisfactory, noting that the intervention was overly ambitious and the M&E framework was weak.

2.7 **Alignment with Government Priorities:** The project development objectives were aligned with the priorities set out in Colombia's National Development Plans 2002-2006 and 2006-2010 and the Ministry of Agriculture's *Agro–Ingreso Seguro* Program (2007). The Government's rural strategy (2002-2006) included support for vertical integration in supply and marketing chains; strengthening the role of the private sector in providing services to producers; creating employment opportunities in rural areas; supporting improved access to land for small farmers; and providing basic infrastructure and services in rural areas. The Government's follow up rural strategy was to integrate the rural sector into the national economy by increasing its competitiveness, equality and sustainability as well as by pursuing a peace process. The Government's policy framework had four pillars: (i) providing incentives for rural capital investments; (ii) subsidizing land improvements; (iii) reducing risks through crop insurance; and (iv) increasing access to rural finance. The objectives of the 2007 "Agriculture Income Security Program" were to improve the competitiveness and productivity of the agricultural sector and to contribute to reducing inequalities in rural areas.

Project Design

2.8 The project was designed to unblock barriers for small farmers by linking them with commercial buyers. It aimed to increase the quality and consistency of the agricultural outputs within a select group of agricultural partnerships, to generate increased demand, value added and higher prices, and associated, increased incomes and additional employment. It aimed to do this in poor rural areas. The project provided grants and technical assistance to producer organizations to support increased investment in farm infrastructure, machinery, equipment, inputs, and labor, etc. These grants were intended to increase and improve the quality of production of farm goods which in turn would support more effective and sustainable producer linkages.

The project included three components:

- ✓ **Preparation of Productive Partnership Sub-projects (appraisal estimate, US$6.1 million; actual cost: US$3.1 million, or 51 percent of appraisal estimate)** The component financed technical assistance and training for activities that were associated with: (a) Information sharing about the project to stakeholders; (b) Mobilization and screening of applications; (c) Pre-investments studies, which are ex-ante evaluation of sub-project proposals that included technical, commercial, financial, environmental and social feasibility studies for each partnership prepared by regional management organizations OGRs and consulting firms.

- ✓ **Implementation of Productive Partnership Sub–projects (appraisal estimate, US$40.1 million; actual cost, US$20.6 million, or 51 percent of appraisal estimate).** The component was comprised of: (a) Payment of a subsidy as a grant ("Modular Incentive") of up to 40 percent of the total sub-project cost (not to exceeded US$2,600 equivalent per sub-project, and if land was purchased not to exceed US$7,600). The funds were used for on-farm infrastructure, machinery and equipment, vegetative materials, fertilizers, chemicals, labor costs, studies, and surveys; (b) Technical assistance to productive partnership participants by OGAs from one to three years. This included the setting up of the PO and overseeing implementation of the investments.

- ✓ **Project Management (appraisal estimate, US$4.4 million; actual cost, US$4.6 million, or 105 percent of appraisal estimate).** The component financed: (a) Creation and operation of a Project Coordinating Group, located in the Ministry of Agriculture and Rural Development; (b) Management Information System; and (c) Design and implementation of M&E.

Monitoring and Evaluation

2.9 **M&E Design**: The M&E system planned at appraisal had five elements: (i) technical assistance providers would monitor implementation of productive partnerships; (ii) an independent consulting firm would be hired to conduct an impact evaluation involving baseline and follow -up surveys; (iii) focus groups comprising participants in productive partnerships would assess whether sub -project objectives have been realized; (iv) fiduciary oversight would be ensured through annual audits; and (v) six-monthly Bank supervision missions would review progress toward annual operating targets. The details of M&E were not fully developed at the design phase, as they should have been. A qualified M&E specialist was not recruited until 2005 and the system only began operating adequately in March 2007, five years after the project was approved. Lack of baseline data prevented beneficiary tracking, with regard to change in employment and incomes. The indicators to measure the outcomes defined at the time of appraisal (PAD, p. 2) and at mid-term are provided in Figure 1.

Figure 1: Outcome Indicators (Original and Revised)

Original Outcome Indicators	Revised Outcome Indicators
During 2002-2006 producers participating in productive partnerships increase their income by 20 percent compared to the baseline;	At the end of a partnership cycle at least 70 percent of the producers participating in productive partnerships have increased their income by 10 percent compared to the baseline of each partnership;
By the end of the project, an increase of 50 percent in employment in the participating production units of which 40 percent is employment for women;	At the end of the project, employment in at least 70 percent of the partnerships will have increased by 10 percent;
By the end of the project, agricultural productivity in production units has increased on average by 20 percent compared to regional indicators;	Dropped
100 productive partnerships are formalized, consolidated and are operating in a sustainable manner and contain reimburse conflict resolution schemes;	Intermediate Outcome Indicator
100 productive partnerships pay their commercial bank credit (if any) on time and at a recovery rate of 90 percent or more	Dropped
Productive partnerships investment generate an internal rate of return of 15 percent;	Dropped
Project monitoring and evaluation system properly operating and updated.	Intermediate Outcome Indicator
	At the end of the project at least 70 percent of the producer associations will have attained an adequate social partnerships index measuring cohesion and adoption of partnership principles; and
	Five regional management organizations (NGOs/ Service Firms and Institutions) have the capacity to structure and follow-up productive partnerships; and 10 local management organizations (NGOs / Service Firms and Institutions)) are specialized and capable of monitoring and assisting producer organizations involved in productive partnerships

2.10 **M&E Implementation:** The project supported an impact assessment that constructed comparisons, but spillover effects and a lack of historical data limited its ability to measure and compare welfare. The economic analysis was used to track partnership performance, but the methodology was weak (the economic analysis used recall data to track change income and employment over several years). Some outcome indicators and several targets were revised at mid–term. The income and employment targets were reduced owing to the explanation that partnership formation took longer than planned and therefore sub-project implementation started later. The productivity indicator was dropped since it was found that regional productivity statistics were not comparable or reliable, and that in lieu of this, the income indicator could reveal productivity gains. New indicators were added to assess the capacity of NGOs to monitor and assist with the development of the productive and the execution of sub-projects. A social index was introduced to measure social cohesion, as no indicator was identified to measure that objective at the time of project preparation and appraisal (ICR, page 2).

2.11 **The M&E system overall had the following shortcomings:**

- *The M&E framework lacked adequate indicators to measure social cohesion.* The PAD defined social cohesion at three levels: at the rural community level among different communities, at the partnership level between producers and commercial partners, and at the producer organization level among farmers. It also stated that "the emphasis on forming partnerships -- especially with traditionally marginalized groups - produces stronger social and economic bonds among different institutional actors within and between communities." And that, "this enhanced social cohesion may help reduce rural violence"(PAD p. 12). With these aims in mind, the project lacked a system at design to qualitatively measure group behavior and dynamics. At mid-term, the project introduced a social partnership index to measure social cohesion, that adopted a measurement of such partnership principles as the identification of common objectives and interests, a sense of belonging, the adoption of formal and informal rules, constructive conflict management, level of trust, participation etc.

- Employment and income data was collected at the group level with average effects reported. This method does not allow for a more granular understanding of how the poor befitted from the productive partnership model. Data on employment was not specific and did not include information on wages or quality of employment.

- The project dropped its gender indicator, related to the employment of women.

- The project overall lacked a baseline and the economic analysis which reported on project attributable change in income over time relied on recall methods that were reported by a few members of each group that was sampled as part of the analysis.

Relevance of Design

2.12 **The Relevance of Project Design is rated Modest.** The primary concern that led IEG to downgrade the relevance of design to modest compared with the ICR includes (i) the inability to understand how the poor benefitted (how the benefits were shared by the poor, who were the winners and losers in this program) and (2) a lack of a comprehensive results framework that prohibits learning about what works for the poor and the transfer of these lessons to the larger alliance program.

2.13 The design components and processes were only partially consistent with the stated objectives and the results framework. The project set out to achieve its objective by helping low-income farmers to improve production of agricultural crops, and to market collectively; thereby helping them to increase incomes and create employment opportunities. If the project was aimed at generating incomes and creating employment of poor rural communities, then the project would have required greater attention to monitoring and tracking of the poor within these communities. While the program did attempt to target the poor as evidenced by their high rate of participation in this program, design was hampered by the inability to adequately monitor and track the relative success of the poorer groups in the program, or their relative participation in the groups that failed. Overall, the project lacked a comprehensive results framework that linked inputs to outputs to outcomes and impacts. Project revisions at the mid-term review did not address this issue. In the absence of a baseline, outcome indicators on income, employment and social cohesion were ambiguous and/or targets were arbitrary.

2.14 The implementation experience also revealed that more information, awareness raising and training was needed for the commercial partners to work more effectively with the project supported small-scale farmer organizations. The financial needs of the agro-processors were also not adequately considered with regard to the capital investments needed as a result of the supply increase from the smallholders. Project design could have also benefitted from specific and differentiated capacity development for both the producer organizations and commercial partners, including in areas where there was the trust deficit was higher.

2.15 In order to more effectively achieve the project objectives, the project would have also had to consider the enabling environment more broadly, namely the types of services and complementary investments that were additionally needed to sustainably increase the incomes of poor farmers in the project areas. This assessment concurs with an OECD report (2015) that points to the need for essential complementary programs that would include rural infrastructure, particularly roads, strong agricultural extension services for farmers, as the quality of extension services was heterogeneous across regions, and production systems in the project area. (OECD, 2015b).

2.16 It should be noted that the project introduced a couple of sound design features that helped with implementation: (i) Using private trust fund companies to transfer funds to the beneficiaries and thereby by-passing the government procurement cycle helped to instill reliable and credible financial management of funds. (ii) The project helped to create private sector capacity for sub-project feasibility assessment by training local NGOs and consultants. The use of objective pre-investment (feasibility) studies for sub-project selection and more involvement of private sector NGOs in project implementation at the local level particularly in the 2nd Phase Project helped to decrease inclusion of grant capturing interests.

3. Key Features of the Implementation Experience

3.1 Early on in the project cycle (by mid- 2003) project counterparts expressed a concern with the slow pace of implementation in terms of selecting and setting up the partnerships. Citing this, as well as an unanticipated shortfall in the annual budget allocation for agriculture, the Government of Colombia reduced its contribution from US$ 20.3 million to US$8.4 million and requested cancellation of a sizeable portion of the World Bank loan, reducing the loan amount from US$32 million to US$22 million. A project designed to support the development of social cohesive partnerships, including the development of new relationships that required trust building, it is not clear why the project was not allowed more running room in the early implementation period. World Bank rural livelihood and community driven development projects implemented recently (IEG 2014a, 2014b, 2015) have demonstrated the effectiveness of delaying disbursements while capacity and relationships are developed, when working through groups or partnership approaches, during the first one to two years.

3.2 The Mid-Term review recommended several implementation performance corrections, some of which were taken up during the second half of the project period. These included (a) an improvement of partnership profiles through simplification of requirements, and strengthening the capacity of local governments; (b) strengthening capacity of the producer organizations through intensive training and TA; (c) increasing participation of the private sector through prioritizing projects that had higher private sector investment contribution; and (d) testing some innovative approaches including decentralization of decision-making, private sector led identification of partnerships, the involvement of medium-sized producers, and differentiating the approach by providing technical assistance, rather than funding, to some partnerships. The project addressed recommendations (a) and (c) leaving (b) and (d) for Phase II.

3.3 There were several other changes made during implementation that should be noted. Of foremost importance was the decision by the project to abandon its aim to help purchase land for landless farmers due to the complexities of the land market (very long processing times) and the lack of government budget (fiscal space). This was unfortunate, as this was one of the means to reach landless farmers and therefore poorer segments, envisioned in design.

3.4 The Revolving Fund system was also redesigned. As of 2008, the Ministry of Agriculture revised the project operating manual to require that the grants issued by the project be reimbursed through the revolving fund (in effect, changing the grants to loans). The aim of the redesign was to promote the growth and the longevity of the revolving funds. While this aim is understood, the decision to change project design during the last year of implementation had implications for overall project management, including the assistance and type of advice that required financial literacy, and the trust that was being built among and between the producer organizations. In effect, the rules of the game were changed mid-stream, without adequate consultation or upfront consideration of the type of support that would be needed to effectively facilitate the design change. The IEG mission found that as a consequence some farmers were not in a position to pay back the grants.

Safeguards Compliance

3.5 The Project was classified as Category B in terms of environmental safeguards that required: (i) an environmental assessment (OP. 4.01); and (ii) pest management (OP. 4.09). In terms of the environmental assessment criteria set out in the PAD (paragraph 5.3), only B and C type sub-projects were considered for financing. Each productive partnership made an Environmental Impact Assessment and had to prepare and implement an Environmental Management Plan with a specific budget, and the implementation of these was monitored by the local and regional management organizations.

3.6 In both the ICR and subsequently in a report provided to the PPAR team, there was a concern expressed about environmental compliance at the subproject level. However subsequent comments received from the World Bank and the Government of Colombia revealed that every sub-project included environmental screening and the development of a full environmental plan and that for the 85 partnership that still exist, 81 percent continue to implement their environmental plan. The Final Project Management Report concluded that it is important to broaden environment management engagement, beyond the environment experts, to include sensitization of the project's participating communities.

Financial Management and Procurement

3.7 Project funds were transferred into a trust fund account that was paid in three tranches to the Producer Organization. A private trust company supervised the trust account and controlled the use of the grant funds including compliance with procurement rules. The ICR (page 9) noted that the use of Trust Fund Companies for the transfer of funds brought credibility regarding funds management as they are independent parties that ensure compliance with the competitive procurement procedures and reduce mismanagement of funds. Nonetheless, POs and the member beneficiaries had to go through numerous formal procedures that caused delays (approximately 6-8 months) in disbursements.

3.8 There has been a learning experience on financial management from implementing the first phase of the project as reflected in the revisions in the second phase. For example one reason for the delays in the first phase – the need to have an individual insurance policy for each beneficiary in order to protect government funds transferred to the private sector against misuse – was resolved through the use of a framework insurance policy covering all beneficiaries and their organizations.

3.9 The final financial management review rated the performance of the financial management system as moderately satisfactory, reflecting delays in disbursements to productive partnerships, leading to a buildup of undisbursed funds in the various trust accounts (ICR page 11). However, the ICR noted that the building up of funds in the Trust Fund account is unavoidable, since all the funds needed for implementing the partnership had to be disbursed into the trust accounts prior to the beginning of the implementation to ensure that funds were available. Indeed this is a sound feature of the trust fund as it ensures the timely provision of the funds to the POs and the beneficiary members as needed.

3.10 Procurement of goods and services under the productive partnership subprojects was carried out by the Productive Partnership Steering Committee with the support of technical assistance providers contracted under the project. The procedures were price comparison of three price quotations, allowing sole-sourcing in cases where only one supplier existed in the area. Contracting and payment of service providers and suppliers were done by the trust companies. No procurement irregularities were identified.

4. Efficacy

4.1 The project development objectives were: "to generate income, create employment and promote social cohesion of poor rural communities in an economic and environmental sustainable manner through the development and implementation of a demand -driven, productive partnership scheme with the private sector". IEG divides this objective into the following three sub-objectives, while also considering the economic and environmentally sustainability commitment embedded in the objective. The three sub-objectives are:

- *Generate income of poor rural communities*
- *Create employment of poor rural communities*
- *Promote social cohesion of poor rural communities*

4.2 The main evidence on outcomes and impacts is derived from the Management Information System, an Impact Evaluation conducted by Econometria Consultores in 3 cohorts, Economic and Financial Analysis conducted by FAO, 2008; a Beneficiary Survey by Econometria Consultores, 2008; and several external research undertakings (the Center for Tropical Agriculture-CIAT, 2014 and MADR, 2014 on poverty targeting), mission interviews with MADR and PIU staff, group interviews with the members of a sample of 7 POs, and other relevant stakeholders.

4.3 **Achieved Outputs**: The project exceeded its output targets. It helped to establish 136 productive partnerships against a target of 100 partnerships benefitting 11,714 households against a target of 10,000 households (See Table 1). The partnerships encompassed several commodity types, including vegetables, cocoa, coffee, livestock, milk, and aquaculture (See Table 2). Crops accounted for 76 percent of the partnerships, livestock 14 percent and aquaculture and forestry 10 percent. By project close, the project had helped to link 118 of the 136 producer organizations to 108 private commercial partners. Of these, by project close, 57 were reported to have been actively purchasing from the producer organization and 32 worked with more than one partner.

Table 1: Partnerships and Proposals Supported by the Project

Project Outputs	***Phase I***	
	PLANNED	**ACTUAL AS OF END OF 2008**
Number of Proposals Received	300	342
Number of Proposals Selected	225	177
Number of Feasibility Studies Finalized	150	177
Number of Partnerships approved and implemented	100	136
Number of beneficiaries	10,000	11,714
Number of partnerships declared unsuccessful		18
percent of partnerships declared unsuccessful		13.2
Number of OGAs contracted		147
Number of OGRs contracted		9

Table 2: Partnership Type, by Commodity Type

Product	*Phase I Partnerships*	
	NUMBER	%
Cocoa	16	11.8
Fruits	29	21.32
Coffee	5	3.68
Livestock (incl. honey)	15	11.03
Vegetables (incl. beans and corn)	18	13.24
Aquaculture (Fisheries)	9	6.62
Palm	5	3.68
Rubber and Natural Fibers	11	8.09
Other	28	20.59
Total	136	100.00

Sources: ICR Annex 2 and M&E Data

Analysis of the Partnership Types, by commodity

4.4 In Colombia, the diverse climate and topography facilitates growth of a variety of agricultural goods, including coffee, plantains, rice, potatoes, banana, sugar cane, palm oil, cassava, maize, and tomatoes, dairy and meat cattle. Over the last decades, due to the armed conflict, the relative value of crop production has declined and the value of livestock production has increased (See Table 3).

Table 3: Composition of Value of Agricultural Production (1991-2012) (percent)

	1991	*2000*	*2012*
Crops, including:	**64.7**	**59.6**	**53.8**
Coffee	11.2	9.2	7.7
Palm Oil	1.1	2.2	3.3
Livestock , including:	**35.3**	**40.4**	**46.2**
Cow Milk	10.3	13.4	13.7
Total	**100**	**100**	**100**

Source: OECD, 2015 a.

4.5 **Coffee**. There were five coffee partnerships supported by the project. Colombia is the third largest coffee producer in the world, following Brazil and Vietnam and it is the leading producer of the Colombian mild Arabica variety. Coffee is also the most important crop in Colombia in terms of value, contributing 7.7 percent of total agricultural production value. Being a labor intensive crop, it provides the highest share of employment, generating about 40 percent of direct jobs in agriculture. Being the main export product in agriculture, coffee producers can easily market their products, as the marketing channel involves purchasing points through producers' co-operatives, official coffee storage warehouses, and the National Federation of Coffee Growers. National regulatory entities represent the associations and other national entities, providing support to farmers through activities such as research, training, and promotion, and determining a stable system of internal prices, among others (OECD d. 2015).

4.6 IEG visited two of the five coffee partnerships supported by the project. IEG learned that in 2002, when the producer organization was established, the coffee producers were already producing and selling coffee. Project funds were mainly used to augment production, through the purchase of inputs. Already mature, the main benefit that was reported to have been enjoyed by these groups, was easier and swifter access to finance through the use of the project-supported revolving funds. The groups already had access to marketing channels. One of the organizations visited reported that with project support they established formal procedures, employed a lawyer, and recovered about 88 percent of the project credit funds and then continued to provide additional credit to members at market rates. Although many producers could also access finance from other providers, they preferred the revolving fund for its ease of access and speed. The visit to the coffee producers raised the question as to the value added of the project for these producers, and the opportunity costs of supporting these partnerships over less mature ones.

4.7 **Dairy**. There were nine dairy partnerships supported by the project. Colombia ranks fourth among Latin American countries in cattle farming, and it is the ninth-largest producer of beef in the world. Six percent of cattle are raised for dairy purposes (1.5 million), 58 percent are raised for meat (13.7 million), and 36 percent for both meat and milk (8.2 million). Productivity in Colombia's dairy sector is among the lowest in the region, which stems from high input prices, poor transport infrastructure, and the high number of intermediary agents. In terms of marketing, the links between small scale farmers and the milk processing firms are quite close (OECD d. 2015 a.) IEG visited one milk PO among the nine milk POs that were supported by the project. Established 18 years ago, the PO reportedly improved its operations through the project. Before the project they were selling the milk to the intermediaries, and with the help of the project they made an agreement with the milk agro-processor that was located in the main city, two hours away. Project funds were used for inputs (fertilizer, cattle food, TA and agricultural extension), as well as for buying a milk collection truck. The recovery of the funds for the revolving fund was very low (34 percent). The farmers reported that farm sizes and incomes of the members varied and smaller size members had a hard time paying back the funds.

4.8 **Palm Oil**. The project supported 5 palm producer organizations. Palm oil production has been increasing over the last decades as a result of changing government policies (elimination of government purchases as well as more increased imports of short cycle products such as cereals). Therefore, more farmers switched to more profitable crops including palm oil (in addition to palm oil other crops farmers preferred were cacao, plantain, and fruits). The area allocated to palm oil grew significantly between 1991-2012 by 221 percent and its share in total crop area increased from 1.9 percent to 7.4 percent (OECD, 2015, a). IEG visited one of the five palm oil producing partnerships supported by the project. The PO was established in 2000. At first, the farmers were supported by the Magdalena Medio Peace Development Program of the government. The program helped them to switch from subsistence crops (rice, corn and cassava) to palm for increased earnings. The project funds provided inputs (fertilizer and pesticides), as well as agricultural extension and TA services on social and environmental aspects. The IEG mission found that the value added of the Bank project was unclear for these producers, since they had been receiving similar support from the Government.

4.9 The pam oil producer interviewed changed its initial commercial partner due to the long distance and high transportation costs. Recovery rate of the revolving fund was low (47 percent). The producers reported that due to variable soil quality in the area, yields changed considerably (from 24 t/ha to 14 t/ha) and therefore some producers earned lower levels of income and were unable to pay back the revolving fund amounts. The producers also noted that with additional producers switching to palm in the region, there was a surplus of the product and another agro-processor was needed in the region to utilize all the production. This was an indication that future projects in this area should have a dual approach; ensuring the availability of sufficient agro-processing capability and commercial partners by for example collaborating with different organizations and financiers, including IFC. The farmers were also thinking of ways to diversify their production.

4.10 **Fruits and Vegetables**. The Project supported 47 fruits and vegetable partnerships out of a total of 136 partnerships. Fruits and vegetables are important in Colombia's external trade balance as they enjoy the advantage of continuously increasing world demand, therefore net exports have been increasing. They are also among the crops that generate the most employment per hectare and, therefore, they are valuable crops from a poverty-alleviation perspective. Bananas, Colombia's third-largest agricultural export after coffee and flowers, alone generate an estimated 34,543 direct jobs. Recently, exports of other fruits such as plantain, mandarin oranges, lemons, and strawberries has increased. Beans and asparagus are other significant export crops. Uchuva is now Colombia's third-most-important fruit export, after bananas and plantains. Granadilla, lulo, passion fruit, berries, and papaya, are among other fruit crops that have potential in the international market. There are direct links between small-scale producers and exporters especially for fruits such as plantain, granadilla, and uchuva products (World Bank, 2003 and OECD, 2015, a).

4.11 The fruits and vegetable partnerships were the most fragile. Sixty percent of these established partnerships failed. IEG interviews sought to probe some of the underlying drivers for partnership failure in this area, including in interviews with commercial partners. Poor quality or insufficient quantity were frequent reasons cited for partnership failure. The poor road network was a constraining factor for the development of small-holder fruit and vegetable outgrower schemes. A lack of cold storage facilities was also a constraint. IEG visited a strawberry and a blackberry producer organization. While both organizations were functioning, they had both endured difficult times.

4.12 The strawberry producer organization experienced difficulties with establishing a fair pricing scheme with the commercial partner; it took several years to find another buyer (large scale food company). The organization was satisfied with the financial support it received that allowed it to hire workers to clean and transport the berries, as well as to buy seeds and other inputs. However, the organization was less satisfied with the technical assistance it received. During the second phase, the organization reportedly received the technical assistance it had requested. The blackberry producer organization experienced difficulties when there was a surplus in the market (and an associated price decline). The producers incurred substantial losses during that time and were therefore unable to replenish the revolving fund. The commercial partner, a big supermarket, only bought 20 percent of the production, the rest was sold in the wholesale market but for significantly lower prices. The PO was in search of another big commercial partner, so that better prices could be received for the remaining 80 percent of production but was unable to find one located close by.

4.13 **Honey**. Four honey partnerships were supported by the project and IEG visited one PO that was established in 2004. This was not a new product for the farmers but, through the project, they increased the number of beehives (900 additional beehives were procured). The PO does not have a single market partner. Industriously, it established its own simple packaging system and started marketing its own product to both retail stores and wholesalers. The PO also provides technical assistance to other producers in the region. A key success factor was the careful selection of alliance participants. They applied to the 2nd Phase project as the commercial partner this time, but the plan was rejected.

4.14 **Flowers**. Flowers are the second biggest agricultural export product in Colombia after coffee and Colombia is the world's second largest exporter of cut flowers in the world (following the Netherlands). The project supported only one PO that decided to get together to produce heliconias, a tropical flower that is mainly exported. However, the partnership failed due to the inability to form strong and trusting bonds, lack of access to extension services, weak technical assistance provided by the local management organization, and low quality products. Both the producer and the buyer had to close operations. The location of the production was a major factor in the failure. The partnership was formed in a cropping area that had been affected by years of conflict where more attention to relationship and trust building would have been needed, in addition to technical support.

Achievement of Project Objectives

4.15 **The achievement of the objective of generating income of poor rural communities is rated Substantial.** The project helped to establish productive partnerships for 136 producer organizations of which 85 survived seven years after closing the cumulative failure rate at the time of the assessment was 38 percent). The project provided, on average, US$1,681 of finance to each of the 11,714 farming families targeted.

4.16 An independent impact assessment conducted by Econometría, Consultores of 20 partnerships showed that for 17 of these, the average income of smallholders in the partnership increased between 12 and 32 percent (the remaining three had failed). Issues with the methodology used to construct the control groups prevent a comparison to non-project beneficiaries however.

4.17 A separate economic analysis conducted by the United Nations Food and Agriculture Organization (2008), using a random stratified sample of 23 productive partnerships, reported that on average, participant incomes increased by 77 percent during the project period but with significant variation depending on the commodity. By project end, it was estimated that households on average received US$280 in additional income, and that in 3-4 years' time these households would earn an average of US$2,300 in additional income annually, in line with the average economic rates of return projected for the partnerships (see efficiency section).

4.18 For the 62 percent of the partnerships that survived, it is likely that members are continuing to benefit from the increased incomes derived from engagement in the partnerships. However, since the project did not include disaggregated reporting of benefits, it is unclear whether the poor are equally benefitting from the reported increases in income, or whether the partnerships that have survived were equally comprised (of rural poor participants) as the partnerships that have failed along the way.

4.19 **The achievement of the objective of generating employment of poor rural communities is rated Substantial**. According to the impact evaluation conducted for 17 Producer Organizations, employment levels increased between 5 to 50 percent, varying greatly according to the partnership. The FAO economic analysis estimated that employment had, on average, increased by 70 percent (matching the project's revised target and exceeding the appraisal target of 50 percent). On average, employment generation was estimated by FAO to be 0.8 person/year/farm.

4.20 This finding was echoed in IEG field site visits where six of the seven groups visited by IEG attested that the project had enabled them to hire additional labor, and that most of this work was for on-farm activities. Commercial partners interviewed by IEG also attested that there was additional labor hired due to the project. Anecdotally, the buyers suggested that this represented an additional 10-15 percent of their workforce. Like the reporting on incomes, while there is substantial evidence that the project supported additional employment in rural poor areas, a lack of disaggregated data limits the assessment's ability to know whether it effectively reach the poor (See Table 4).

Table 4: Additional Employment Created Through the Project

Producer Organization	***Additional Outside Employment (person / household)***		
	ON FARM	**NON-FARM**	**TOTAL**
Honey, Bolivar	0.25	0.70	0.95
Milk, N. Santander	2	0.12	2.12
Palm, Santander	1.25	0	1.25
Flower, Cundinamarka*	n/a	n/a	n/a
Coffee, Cacao, Huila	0.67	0	0.67
Strawberry, Cauca	0.00	0.83	0.83
Black Berry, Cundinamarka	1	0.02	1.02
Agroprocessor:			
Milk Agroprocessor	10 percent increase in employment		
Palm Oil Processor	15 percent increase in employment		

*The PO was dissolved.
Source: IEG Mission Group Interviews

4.21 **Poverty and Environmental Sustainability were cross-cutting themes, embedded in the objective statement of this project**. While the project did not include disaggregated data collection, the project was implemented in very rural poor areas. Analysis conducted by the Ministry of Agriculture and Rural Development suggests that the majority of the persons participating in this project were likely to be poor. The analysis sought to compare the beneficiary status of the productive partnership project with the roster of persons receiving social benefits, through the government's social welfare program. The analysis found that, as of December 2013, 75 percent of the persons registering as participating in the productive partnership projects were also participating in the social welfare programs (the analysis was conducted for phase 1 and 2 of the project). Of these, 61 percent were also physically located in remote poor rural areas (see Table 5). However, roughly only a third of this cohort are registered as the poorest of the poor, as identified by registration in the Government's Red Unidos Program. Further analysis shows that about eight percent of the project beneficiaries that are receiving project benefits from SISBEN were also receiving benefits from a program called, 'Más Familias en Acción', a conditional cash transfer program for very poor households.

4.22 An independent study carried out by the International Center for Tropical Agriculture of the partnerships (for phases I and II) found that the program reaches the marginal (Afro-Colombian and indigenous) and displaced populations at levels near to or in excess of the weight of these populations in Colombia (participation in the program for displaced population was 8,8 percent, Afro 8,5 percent and indigenous 9,9 percent).

Table 5: Mapping the Location of Project Beneficiaries

Productive Partnership Project Beneficiaries

SISBEN AREA	NUMBER	%
1 (Major cities w/o metropolitan areas)	595	1.85%
2 (Other towns)	11,889	36.90%
3 (Remote rural areas)	19,737	61.26%
Total	32,221	100.00%

Source: MADR, 2014

4.23 **Environmental sustainability was mainstreamed in the project, but there is a need to continue to support strengthened environment management capacity and mainstreaming in the agriculture sector**. In both the ICR and subsequently in a report provided to the PPAR team, there was a concern expressed about environmental compliance at the subproject level. However subsequent comments received both by World Bank and the Government of Colombia reveal that every subproject included a screening and a development of full environmental plan and that for partnerships that for the 85 partnership that still exist, 81 percent continue to implement their implement environmental plan. The Final Project Management Report (MADR 2008) concluded that it is important to sensitize and educate not only the environmental experts but also the participating communities on conservation and sound utilization of environmental and natural resources.

4.24 **The achievement of the objective of promoting social cohesion of poor rural communities is rated Modest.** The project used the term 'social cohesion' in various ways, at times referring to the cohesion of the groups and at others the general cohesiveness of society in a country affected by violence and conflict. This affected the ability of the project to ring-fence its definition and to apply appropriate measurement tools. While no baseline was established, the project measured social cohesion during implementation with the use of a Social Partnerships Index (Impact Evaluation, 2008) that was designed to capture only farmers' perceptions about the degree of social cohesion within and between the farmer and commercial groups. Using this methodology, the project reported that only 35 percent of partnerships received an adequate score (scores higher than the 2nd quintile) while the project, as designed, had aimed for 70 percent. The low scores are attributed to the lack of mutual trust and the lack of direct contact between producers and their commercial partners. This assessment finds that the project could have provided more lessons on the need for differentiated approaches to support more cohesive relationships between (1) farmers and commercial agents; (2) community members interesting in forming a new collective; and (3) groups in areas that have been deeply affected by protracted conflict or violence.

4.25 The impact evaluation found that farm households had difficulty in identifying themselves as members of an apex organization defined as 'productive partnerships'. Households interviewed were not familiar with members of the partnerships or their precise role. Fifty-four percent of the households included in the impact assessment did now know the name of their business partner, for example, and 67 percent of beneficiary farmers do not know their corresponding OGA. The impact assessment posited that the partnership scheme is understood and handled only by a minority in the producer organization. The impact assessment also pointed to a lack of compliance with the partnership agreements, and the resulting effects that this had on trust. The impact assessment also pointed to an unevenness in perceptions with regard to the attitudes of the commercial partners. Interviews with sixteen commercial partners revealed that the perception of benefits by the commercial partners were not as significant as the producers. The ICR reported that the producers considered that the guarantee of their supply was an important benefit for the commercial partners; but the commercial partners did not think that their supplies were guaranteed (ICR page 45). Private agro-processors also expressed a preference to buy their supplies from large producers due to lower transaction costs and lower risks. When agro processors deal with small producers, it is because of social responsibility, to diversify resources or to gain preferential access to primary produce where produce is scarce (ICR page 8).

4.26 A study by The International Center for Tropical Agriculture (2015) noted that productive alliances perform well when the relationship established creates value for both the small producers (and their PO) and for the commercial partner. Value generation depends on the competitiveness, efficiency and sustainability of the business. Also, based on semi-structured interviews with 10 commercial partners, CIAT concluded that the reasons that commercial partners participate in productive partnerships are to: develop the supply of quality products, create long-term commercial relationships, build efficiencies in the supply chain, and therefore achieve reduction of supply costs and uncertainties.

4.27 The IEG mission revealed that there is a need for special attention to partnerships operating in conflict affected areas, especially when switching to new crops and when the POs are newly established organizations. Group interviews revealed that there was a difference between indigenously formed partnerships –partnerships formed by the farmers themselves – versus those that were formed by the project, or with the goal of accessing project resources. The time needed to build cohesive and trusting partnerships, to link suppliers with buyers, to support new crop development and associated linkages, may be longer in a conflict affected area where trust has been frayed.

4.28 Nevertheless, the impact assessment pointed to a sense of security enjoyed by households participating in the program. Seventy-nine percent of famers interviewed reported that belonging to the producer organization brought security and safety.

Unintended Outcomes

4.29 The external impact assessment noted a strong, positive spillover effect of the project. Neighboring producers not enrolled in partnerships replicated partnership-introduced technologies. The spillover effects can be described in the following ways: (1) there was demand for support services from producer organizations outside of the partnerships; (2) there was increased investment in similar crops by neighboring farmers; (3) the commercial partners expanded their purchases from farmers outside of the partnerships in the same villages or communities; (4) training extended to others, or farmers training each other; and (5) local governments implementing similar programs with other resources.

5. Efficiency

5.1 The ex-ante economic analysis was in general sound, based on six farm models that included partnerships producing a variety of crops/products, including palm oil, cacao, dairy, agro-forestry and vegetables. The analysis was based on data collected from field observations and discussions with the farmer cooperatives and agribusiness and it included estimates of the fixed costs related to the preparation and improvement of the land and the variable costs associated with the cultivation of the crops. The benefits were determined based on estimates of long-term productivity and crop prices. The estimated economic rate of return exceeded the discount rate of 15 percent, ranging from 18 percent-cacao to 156 percent-vegetables.

5.2 Ex-post Economic and Financial Analysis was based on a random stratified sample (according to crop and region) of 23 productive partnerships (out of a total of 106 which had completed implementation of at least 50 percent of funds received, and were at least one year after the first disbursement still operational). The 23 partnerships represented 1,741 families, covering 24,745 ha of primary sector activities. The main assumptions were: (i) Estimated benefits were sales revenues and operational costs included inputs and services, labor costs (including opportunity cost of family labor) at market prices; (ii) The opportunity cost of land (estimated using the cost that the producer would have incurred if s/he had to rent the land) was included; (iii) Investment costs included grants (modular incentive), technical assistance, contributions from other public and private partners and producers' own capital; (iv) Discount rate was changed to 12 percent and duration was 20 years (Assessment of Financial and Economic Results, FAO).

5.3 The ICR reported an incremental income for the farm household of US$280 at the end of the project, representing an increase of 77 percent over the baseline. The analysis also estimated that in 3-4 years' time annual incremental income would reach US$ 2,300 per family, which was 6.4 times the baseline. However there was a high variation among partnerships with IRR values ranging from 169 percent to -34 percent (69 percent of partnerships generated positive returns, and 39 percent had less than opportunity cost of capital and among them 13 percent had negative returns). The ICR noted that the gap between the ex-ante and ex-post rates of return was partly the result of lower-than-average rainfall in some areas and record high input prices for many commodities; and also reflected the weak design of some productive partnerships and inadequate training of participants (ICR, p. 15). The productive partnerships with lower IRR estimates were: cocoa, mushrooms, blackberry, poultry, stevia and artisanal fishing; and significant production cost increases, and stagnating sales negatively impacted all these partnerships.

5.4 There were two main shortcomings associated with the efficiency of this project. The first was the methodology used to conduct the rate or return analysis. The analysis used recall data to determine income over time. This data was collected at the level of the group, so that average incomes were estimated by a few of the group members, thus limiting our understanding of individual household returns.

5.5 Second, the cost of delivering services – inclusive of group formation - was high. On average, it cost the project US$657 per family to form a partnership (including all project management support) to deliver US$280 of additional income per family in the first year, with a projected additional US$2300 annual incremental income within three to four years after project close. Additional evidence provided by the Government of Colombia attests to the sustainability and strength of overall alliance gross sales. However, the sales figures provided demonstrates that the incremental income flows estimated by the ICR were overly estimated.

6. Ratings

6.1 **The Outcome is rated Moderately Satisfactory**. While the project objective is rated Substantially Relevant, and while it substantially met two out of the three project aims, design – rated modest - had several weaknesses and efficiency is rated modest owing many to the insufficient methods that were used to measure and report on the economic analysis at project close. Value for money also appears to be somewhat undermined by the costs of service delivery compared to the estimated gross revenues attributable to the project support over The project modestly achieved efforts to promote social cohesion of poor rural communities, as determined by a scoring index implemented by the project.

Risk to Development Outcome

6.2 Sustainability of partnerships: The sustainability of partnerships declined over time. As of 2008, the number of failed partnerships supported by the project was 18 (13.2 percent); by 2014, the number had increased to 51 (37.5 percent) partnerships (ICR page 30 and IEG mission interviews). The M&E data suggests that POs that produce perishable products have higher failure rates (more than 50 percent) compared to non-perishable, easily stored products. According to Table 6, failures occurred with partnerships that produce vegetables (61 percent in vegetable POs), fruits (59 percent in fruit POs), and aquaculture (fisheries) (56 percent in aquaculture POs). On the other hand lower failure rates were observed in non-perishable, easily stored crops such as cocoa (25 percent), rubber (36 percent) and palm (40 percent). Furthermore, no failure was observed in coffee producing POs.

Table 6: Failed Partnerships by Crop

Main Crop	***Total Number***	***Failed***	***% Failed***
Cocoa	16	4	25%
Fruits	29	17	59%
Coffee	5	0	0%
Livestock (incl. honey)	15	2	13%
Vegetables (incl. beans and corn)	18	11	61%
Aquaculture (Fisheries)	9	5	56%
Palm	5	2	40%
Rubber and Natural Fibers	11	4	36%
Other	28	6	21%
Total	136	51	38%

Source: Project M&E

LEARNING FROM FAILURE

6.3 There were several reasons reported by various stakeholders during the IEG mission for the failure of partnerships supported by the project. Commercial entities reported not being satisfied with the quantity or quality of the crops that they had agreed to purchase. Farmers reported receiving inadequate extension and training, especially for new crops. Commercial entities also requested specialized assistance for managing the risks associated with engaging smallholder organizations. Producer Organizations that produced fresh fruits and vegetables pointed to the poor road infrastructure and lack of storage.

6.4 The Beneficiary Assessments conducted by the impact assessment also provided context to understanding partnership failure. The education level of the producers, the pre-existence of a producer organization, and training in producer organizational matters are all positively correlated with the success of the partnerships. Also, the sustainability of the partnerships depends largely on how well producer organizations are operated and are managed. The inconsistencies and difficulties in recovering modular incentive funds is seen as a key shortcoming (ICR page 45-46). Other reasons for failure reported by the ICR included decreasing market prices due to over-supply, poor negotiations with private sector agents when partnerships were created, inadequate or incomplete investments (faced by few partnerships) reflecting poor partnership project design and/or poor beneficiaries' capacity assessment.

6.5 CIAT (2015), noted that a productive alliance performs well when the relationship established creates value both for small producers (and their PO) as well as for the commercial partner (CP). Value generation depends on the competitiveness, efficiency and sustainability of the business. CIAT also reported that commercial partners participate in the partnership because they primarily want to reduce supply costs and uncertainties. If this is not happening, commercial partners leave the partnership. CIAT interviews with the commercial partners also drew the following recommendations for future programs: (i) Continue to build PO capacities as commercial actors; (ii) Improve coordination between public sector rural development programs; (iii) Engage more with the commercial partners in project design, particularly in technical design.

6.6 An analysis done by the World Bank in 2012 looking at some 16 productive partnership projects implemented in Latin America Region revealed that on average about 30 percent of the partnerships were unsustainable. It is important to note that there has been several adjustments to the project in its 2nd Phase which should lead to improved sustainability of the partnerships. Some of these revisions are as follows:

- Since strong Producer Organizations are key for partnership sustainability, the project started providing long term technical assistance (up-to two years) to the producer organizations on management.
- The decentralization of project implementation (partnership selection and monitoring) and full time hiring of OGRs for project implementation, which are overseen by the PIU, contributed to increased objectivity of selection process. The OGRs currently employ full time staff on various areas, hire and train OGAs for technical services provision and monitor the partnerships. These improved selection as well as implementation processes contribute to establishing better functioning partnerships.

Box 1: The Anatomy of Failed Partnership

IEG **conducted** a group interview with one failed partnership in Cundinamarca Region. The interview revealed that the partnership faced several challenges in terms of weak social cohesion and inadequate beneficiary selection, as well as weak TA support and issues with the commercial partner. However, located in a conflict area, being a newly formed PO, and producing a new crop, these issues became even more challenging. In such situations a strong OGA and longer handholding, and even complementing the productive partnership project through other government programs is necessary

According to an OECD Review on Colombia's Agriculture (2015), the rise of illicit drug-related activities created new jobs particularly in cultivating and processing the coca plant. Also, earnings were often as much as twice what could be earned in the production of legal crops (OECD, 2015 a). The PPAR mission visited one productive partnership located in such an area in Cundinamarca Region, which was previously controlled by a drug cartel, which provided jobs to a significant number of rural households. When the drug cartel was taken out by government forces, many households in the area lost their primary income source. The group of farmers interviewed by the IEG mission reported that after the cartel had been eradicated, the local government introduced the Productive Partnerships Support Project in the area in order to help the small farmers to generate new income opportunities. A Producer Organization was established in 2005 by 42 farmers in order to cultivate and collectively market *heliconias*, a tropical flower that is exported. The PO applied for support from the project, signed an agreement with a local commercial partner, and 31 farmers became project beneficiaries. It took 2 years to implement the project and the productive partnership failed shortly after the project was implemented.

Several reasons were provided to explain the partnership failure. There were issues with the formation of the PO, particularly a lack of social cohesion among PO members, as well as issues with the design of the sub-project, i.e. social assessment for beneficiary selection. The producers claimed that they did not know many of the project beneficiaries. They believed that the social assessment to select the beneficiaries was misconducted and some beneficiaries, who were only interested in the project grant, were included into the project. The group of farmers noted that these were the beneficiaries who disappeared after receiving the project grant.

The crop was also a new crop and the farmers were not provided with sufficient technical assistance, which negatively affected quality of the product. The agricultural engineers that were supposed to provide agricultural extension advice on the product were not knowledgeable about the crop. The commercial partner reportedly did not buy the entire production due to quality issues. Consequently, the commercial partner closed down its business in the area in 2008. Some members *(they did not benefit)* lost their money and their crops.

In addition, shortly after implementing the project, the beneficiaries learned that they had to pay back the money to the revolving fund. That was reportedly when they decided to dissolve the PO in 2008.

While the partnership and the PO failed, some farmers still continued to produce and sell the flowers. It was reported that one of the farmers found a couple of retail flower shops at close by municipalities that bought her production. Realizing there was extra demand, the farmer arranged 7 other producers to sell their products to her, becoming an intermediary between these remaining producers and the retail shops. In addition it was reported that three other farmers were still producing and selling the product individually.

6.7 **Revolving Funds**: The Ministry of Agriculture required that the beneficiaries reimburse their grants into a revolving fund managed by the producer organization. This was introduced at the end of 2008, to enable POs to grow their business and to provide continuous support to their members. The expectation of the beneficiaries when the project started was to receive grants but the policy was changed at project closing and the grants were turned into credits that had to be paid back. This was not fair for farmer beneficiaries who initially thought that they were receiving grants not credits. Indeed, during the IEG mission, some farmer beneficiaries complained that they were not able to pay back. According to the M&E results, as of end of 2014, the amount recovered /programmed amount was 55 percent for Phase I and 61 percent for Phase II (for completed projects), which is quite low when compared to loan recovery rates on rural lending by financial providers. The M&E system did not provide information about how many times the recovered amounts were used for additional loans and how much the funds got multiplied.

6.8 **Macroeconomic and Market Risks, Significant**: The productive partnership model is not immune to business cycle downturns or changes in the macroeconomic conditions. For example international prices for exported commodities are important for products such as cocoa, rubber, or flowers. Similarly exchange rate fluctuations affect the input prices or sale prices of exported commodities. Furthermore, surplus of crops in certain years negatively impact many producers particularly fresh fruit producers. More information about markets are needed but these risks cannot be easily mitigated in general by the small farmers.

6.9 **Social Risk**: The social cohesion assessment done for the first phase revealed very low results in terms of social cohesion. There are issues in terms of mutual trust and direct contact between producers and the producer organization. The commercial partners do not perceive the benefits from the partnership as significantly as the producers. More involvement of commercial partners during project selection and approval is necessary. More technical assistance and handholding is necessary for the PO management particularly for the newly established partnerships.

6.10 **Financial Risk**: While access to finance remains a risk, one of the key contributions of the project was the introduction of a pre-investment culture in the small holder agribusiness sector in Colombia that would contribute to lower the financial risk.

6.11 **Institutional Risk**: The establishment of private sector capacity for pre-investment analysis and project implementation has been an important contribution of the project. While the integration of the PIU into the MADR has not yet been achieved, the Government has put a transition strategy in place that seeks to tend to the needs of the partnerships after the closing of the second phase.

6.12 The risk to development outcome for the partnerships supported under the First Phase is rated Significant, owing to the increased number of failed partnerships reported since project close, the teething problems experienced by many newer or less mature groups with the revolving funds, and the persistence of some of the financial and transitional risks that are referred to above.

Bank Performance

6.13 **Quality at entry**. The productive partnership model - that brings together small farmer producer organizations and commercial partners with the support of Government and civil society was a new and experimental concept. The validity of the model was borne out by pilot project implementation experience from 6 partnership pilots. The project's design was sound, with the public sector coordinating the project and decentralized implementation, carried out by the private sector NGOs. The project design adequately identified risks and mitigation measures. One key risk identified was the interruption of the program by armed groups. This risk was mitigated through geographic dispersion of the project portfolio. Another risk that was identified was power asymmetry between the commercial entities and the small producer organizations. The project included a public information campaign and training that was mainly directed towards supporting the producer organizations, to counter that risk. Ironically, by project close, it was recognized that more attention was needed to solidify the support of the commercial side of the program. There was a need to have generated more buy-in of the commercial entities at design, to convey the added benefits of the program, and to formulate partnerships that were better aligned with market demand.

6.14 Quality at entry could have been strengthened had it recognized and allowed for the time and resources needed to establish effective partnerships, to build relationships and trust that include mechanisms to resolve grievances. The cancellation of a significant amount of Borrower and Bank financing from the early part of this project signifies that one or both parties to the project may not have been prepared to forego disbursement pressure while tending to the project's social demands.

6.15 The design of the Monitoring and Evaluation included a management information system that tracked inputs and outputs; it also included an Impact Evaluation that was intended to develop a baseline, midline and to conduct an end-line survey (although a baseline was not collected). The lack of a coherent definition of social cohesion as it applied in this project had an effect on the ability of the project to meaningfully measure that part of the project objective.

6.16 Overall, Quality at entry is rated **Moderately Satisfactory**.

6.17 **Supervision**. Project supervision was flexible, adaptive and responsive. While weaknesses in the monitoring and evaluation system were not wholly corrected, supervision made several adjustments in response to the project mid-term review that improved overall performance. These included an improvement of partnership profiles through simplification of requirements and attention to the strengthening the capacity of local governments. After mid-term, the project also increased the participation of the private sector through prioritizing projects that had higher private sector investment contribution. Supervision reporting was candid and did not seek to gloss over the slow progress and mixed results at the start of the project. For example when the results of the first cohort impact evaluation did not show significant impacts on income and employment, the project was downgraded. Then upgraded again with the improved impacts measured by the second and third cohorts.

6.18 The supervision team carried out on average two supervisions per year. There were procurement ex-post reviews and regular financial management reviews. The supervision teams should have paid greater attention to oversight of the Bank's environmental policies however.

6.19 Quality of supervision is rated **Satisfactory**.

6.20 Taking into account the quality at entry and the supervision ratings, overall Bank Performance is rated **Moderately Satisfactory**. It is important to note that there was a mistake made in the ICR and the ICR Review with regards to Bank Performance. The harmonized IEG-OPCS ICR guidance refers specifically to a MS and S joint rating resulting in a MS overall Bank performance rating. This was correctly picked up by the PPAR.

Borrower Performance

6.21 **Government Performance**. The Government, specifically, the National Planning Department and the Ministry of Agriculture complied with the legal covenants of the project. The Ministry of Agriculture recruited a Project Implementation Unit which was made up of experienced and committed experts, most of whom stayed with the project and provided continuity in project management and implementation. However, faced with an unexpected deterioration in its fiscal position caused by a combination of endogenous and exogenous factors, a large amount of borrower financing early on in the project cycle was cancelled. Given the considerable reduction in overall financing, the Project Implementation Unit, in tandem with the Bank, helped to effectively oversee the core aspects of the project. The Government's commitment and strong interest to the productive alliance model was further demonstrated by the implementation of the second phase project.

6.22 Government performance is rated **Satisfactory**.

6.23 **Implementing Agency Performance**. The PIU acted swiftly and effectively to resolve implementation problems and incorporated lessons learnt into project implementation. It was due to the timely analyses conducted by the PIU that several improvements in project design were incorporated. Financial management and procurement were satisfactory. However more attention should have paid to environmental safeguards.

6.24 Implementing agency performance is rated as **Satisfactory**.

6.25 Taking into account the government and implementing agency ratings, overall borrower performance is rated **Satisfactory**.

7. Lessons

7.1 There are four main lessons from the project that were derived from this project performance assessment:

7.2 **In Productive Partnership Projects, sufficient attention needs to be paid to the needs of both farmers and buyers**. In the case of the first phase of the Colombia Productive Partnership project, more attention was paid to the productive capacity of the smallholders than to the commercial entities, the latter requiring greater awareness about the new opportunities for engagement created by the project.

7.3 **Revolving credit mechanisms in rural areas should be designed in line with the capacity of the user**. In the first phase Colombia Productive Partnership project, revolving funds were an effective tool for mature producer organizations for accessing essential financing. Established relationships and trust within existing organizations led to the effective use of these funds. Less mature partnerships however were unable to effectively utilize these fund mechanisms. Given the very limited repayment rates of immature partner organizations, a grant scheme would have been a more relevant tool, as the project's design had originally proposed.

7.4 **Producer Alliances require a differentiation in design that takes into account trust, relationships, and maturity to determine the level of value added that a productive partnership project is likely to generate**. Coffee producers, for example, already had mature linkages through the Federation of Coffee Producers, while some other alliances had access to Government financing. In these cases the value added by the project may have been minimal, and the funds may have been put to better use in less mature producer organizations. Likewise, the project could have been grounded in a better understanding of the effects that conflict has on trust when forming alliances in conflicted affected areas.

7.5 **Productive partnership projects are more likely to succeed when they are part of an integrated rural development approach**. Such an approach would include attention to binding constraints in the rural space that limit the income earning potential of the farmer alliances. In Colombia, theses constraints included poor rural infrastructure (storage roads and power) and weak extension services. These constraints were particularly felt by productive partnerships engaged in the production of perishable items, where the lack of cold storage and the high costs of transport limited their income earning opportunities.

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Annex A. Basic Data Sheet

COLOMBIA - Productive Partnerships Support Project (IBRD-70970)

Key Project Data (amounts in US$ million)

	Appraisal estimate	Actual or current estimate	Actual as % of appraisal estimate
Total project costs	52.3	30.4	58.1
Loan amount	32.0	22.0	68.7
Co-financing	n/a	n/a	n/a
Cancellation	n/a	n/a	n/a

Cumulative Estimated and Actual Disbursements

	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Appraisal estimate (US$M)	1.3	4.6	11.3	19.4	26.1	31.2	31.2
Actual (US$M)	2.3	2.9	5.3	8.5	13.1	19.3	22.0
Actual as % of appraisal	176.9	63.0	46.9	43.8	50.1	61.8	70.5
Date of final disbursement: December 2007							

Project Dates

	Original	Actual
Concept Review		11/17/1999
Negotiations		11/19/2001
Appraisal		03/26/2001
Board approval		01/22/2002
Signing		04/03/2002
Effectiveness		05/15/2002
Mid-term Review	05/31/2005	06/17/2005
Closing date	09/30/2007	09/30/2008

Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank budget only)	
	Staff Weeks (number)	US$ 000s (including travel and consultant costs)
Lending		
FY95		27.80
FY96		174.31
FY97		86.64
FY98		68.93
FY99		46.01
FY00	25	58.34
FY01	34	106.91
FY02	12	29.75
Total:	**71**	**598.69**
Supervision/ICR		
FY02		0.22
FY03	18	236.50
FY04	18	66.37
FY05	25	101.94
FY06	21	83.30
FY07	17	94.48
FY08	6	25.56
Total:	**105**	**608.37**

Task Team members

Name	Title (at time of appraisal and closure, respectively)	Unit	Responsibility/ Specialty
Lending			
Martien van Nieuwkoop	Sr. Natural Res. Economist	LCSAR	Task Manager before negot.
Pierre Werbrouck	Lead Agric. Economist	LCSAR	Task Manager from negot.
Natalia Gomez	Operations Officer	LCSAR	Institutional Assessment
Jairo Arboleda	Sr. Social Scientist	LSCEO	Social Assessment
Manish Bapna	Economist	AFCW2	Econ. and Fin. Analysis
Kirsten Oleson	Operations Analyst	LCSES	Environmental Assessment
Carmen Nielsen	Procurement Analyst	LCSES	Procurement Aspects
Luis Schwarz	Fin. Mgmt. Spec.	LCSFM	FM assessment
Mariana Montiel	Legal Counsel	LEGLA	Negotiations
Erika Feliz-Castaneda	Project Assistant (DC)	LCSES	Program Assistant
Clemencia Medina	Project Assistant (Colombia)	LCCCO	Program Assistant
Cornelis van der Meer	Peer reviewer	RDV	Marketing
Chukwudi H. Okafor	Peer reviewer	CAGGR	Production
Shelton Davis	Peer reviewer	LCSES	Social Dev.
Supervision/ICR			
Marie-Helene Collion	Lead Economist	LCSAR	Task Manager ICR
Pierre Werbrouck	Sr. Agricultural Economist	LCSAR	Task Manager
Natalia Gomez	Rural Development Spec.	LCSAR	Co-Task Manager
Jairo A. Arboleda	Consultant	LCSHS	Social Specialist
Ann Jeannette Glauber	Environmental Specialist	LCSEN	Environment

Kirsten Oleson	Operations Analyst	LCSEN	Environment
Jean-Claude Balcet	Sr. Agriculture Economist	AFCW2	Monitoring/Evaluation
Jeannette Estupinan	Financial Management Spec.	LCSFM	Financial Management
Jose M. Martinez	Sr Procurement Spec.	LCSPT	Procurement
Dianelva Montas	Program Assistant	LCSAR	Processing

Other Project Data

Borrower/Executing Agency: Ministry of Finance and Public Credit / Ministry of Agriculture and Rural Development			
Follow-on Operations			
Operation	**Credit no.**	**Amount (US$ million)**	**Board date**
Second Rural Productive Partnerships Project	IBRD-74840	US$ 30.0	August 21, 2007

Annex B. List of Persons Met

Issam Abousleiman, Country Manager, World Bank

Daniel Sellen, Program Leader, World Bank

Anibal Fernandez de Soto Camacho, Vice Minister, Ministry of Agriculture

Alejandro Mesa Nieto, PIU Coordinator, PIU

Gerardo R. Espita, Advisor, Ministry of Finance

Marcela Ureña, Director of Rural Development Phase 1, Ministry of Agriculture

Andres Silva, Director of Productive Capacities and Income Generation, Ministry of Agriculture

Alejandro Mesa Nieto, PIU Coordinator, PIU

Gonzalo Parades Hernandes, Business Expert, PIU

Alvaro Villareal, M&E Expert, PIU

Adriana Soto, Coordinator of Fiduciary Businesses, Fiducoldex Trust Fund Phase 1

Jose Nelson Camello, Social Action Program, Social Protection Directorate

Jesus Rivera, Technical Director , Asufrucol (Fruit Producers Association)

Luis Ariel Borbon, General Manager, Incoder

Emiro Perez, Agricultural Engineer, Local NGO (OGA)

Manibel Diaz, Administrative Director, LA MEJOR Agro-processor

Yamile Quintero, Coordinator, PALMA DEL CESAR Agro-processor

Carolina Rieda and Ricardo Guiterrez, Project Coordinator and Technical AdvisorRegional Implementing NGO (OGR)

Jaime Casanova, Gabriel Solano, Jose Quintero, Coordinator and Experts Regional Implementing NGO (OGR)

Marcela Chaves, USAID

Juan Gonzalo Flores, IFC

Arturo Garcia, Econometria Consultores

Group Interviews with the Producer Organizations

Honey Producer Organization Members	25 Members	Bolivar
Milk Producer Organization Members	50 Members	Norte Santander
Palm Producer Organization Members	20 Members	Santander
Flower Producer Organization Members	20 members	Cundinamarca
Coffee Producer Organization Members	25 members	Huila
Strawberry Producer Organization Members	40 Members	Cauca
Black Berry Producer Organization Members	20 members	Cundinamarca

Annex C. Borrower Comments

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Bogotá, D.C.

Doctora
Marie Gaarder
Gerente
Evaluación Sector Público
Grupo de Evaluación Independiente

Apreciada doctora:

El pasado 18 de junio este Ministerio recibió copia del borrador de la evaluación del desempeño del proyecto de articulación a mercados de pequeños productores (PPAR), Proyecto Apoyo a Alianzas Productivas (IBRD-7090), PAAP, con el fin de comentar dicho informe antes del 15 de julio del año en curso.

Hemos leído detenidamente el mencionado informe y en efecto este Ministerio tiene algunos comentarios, sobre todo respecto a algunas conclusiones y afirmaciones con las cuales nos encontramos en desacuerdo.

El PAAP a lo largo de sus doce años de ejecución, fase I y fase II, ha probado ser un valioso instrumento de intervención del Ministerio de Agricultura y Desarrollo Rural en procura del mejoramiento de las condiciones de vida de la pequeña producción agropecuaria a través del financiamiento de negocios productivos rentables que permiten la inserción de esa pequeña producción en los mercados formales; no solo aportándoles un esquema de producción y comercialización, basado en el fortalecimiento de sus capacidades productivas, sino también procurando hacerlo sostenible en el tiempo. Resulta entonces sorprendente que el informe remitido reduzca la calificación general del PAAP al pasar de **satisfactoria** a **moderadamente satisfactoria**, cuando las dos revisiones anteriores, Reporte de la Conclusión de la Implementación (ICR) y su revisión, habían concluido en la misma calificación de **satisfactoria**.

La cobertura alcanzada por el proyecto son testimonio de su importancia como instrumento de intervención del Ministerio: Desde sus comienzos en 2002 y hasta la fecha de cierre del contrato de empréstito de la fase II, el 30 de junio de 2015, se ha venido confirmando y perfeccionando la validez de este modelo de intervención hasta contar con un proyecto que en su historia ha logrado atender 881 propuestas de alianzas productivas que han beneficiado a 55.328 familias de pequeños productores, distribuidos en todo el país y en todos los departamentos, con la sola excepción del departamento de Vichada.

Para este Ministerio resulta claro que las dos fases de implementación del PAAP son dos etapas de desarrollo de un mismo proyecto donde los aprendizajes y experiencias obtenidos en la fase I, primera etapa, sirvieron de base para la formulación de la fase II, segunda etapa; y los resultados obtenidos en esta última comprueban el acierto de un proyecto basado en un proceso de mejoramiento continuo; la focalización del PPAR en la

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implementación y resultados de la primera etapa, ignora esta dimensión que a nuestro parecer debería hacer parte integral de su evaluación.

Despierta la curiosidad que frente a este importante crecimiento de la intervención del proyecto, siete años después de haber terminado la implementación de la Fase I, se haya encontrado nueva evidencia que conduzca a la reducción de su calificación inicial.

Con el fin de abordar los principales temas tratados en el informe PPAR y que condujeron a la reducción de la calificación, en esta respuesta nos proponemos tratarlos de la siguiente manera.

En primer lugar, queremos referirnos a los resultados de la implementación y en particular a la relevancia del diseño y a la eficiencia y eficacia alcanzada durante su ejecución; en segundo lugar, a los riesgos detectados por el informe PPAR , para conseguir los resultados esperados y que fueron calificados por este como **sustantivos;** en particular se trata de los riesgos institucionales, sociales y financieros; en tercer lugar nos referiremos a la atención a las salvaguardas ambientales del Banco Mundial; y por último a la calificación al desempeño del prestatario y en particular al desempeño del Gobierno Nacional.

1. Resultados de la Implementación

A. Flexibilidad y adaptabilidad del diseño

De las 136 alianzas financiadas durante Fase I, al momento del cierre de esa fase, a mediados de 2008, el número de alianzas activas era de 118 (87%); y a diciembre de 2014, 85 (63%) continuaban activas; la mortalidad de las 33 alianzas que dejaron de operar entre el cierre del proyecto y el año 2014, se explica en parte por el cumplimiento del ciclo de vida previsto para el agronegocio de la alianza o por cambios inesperados en el entorno que obligaron a cierres prematuros, por ejemplo, orden público; en todo caso, esas 33 alianzas se implementaron con éxito, al igual que las 85 que aún operan, demostrando la efectividad de las preinversiones y del modelo de implementación, seguimiento y monitoreo del PAAP.

Un análisis de las causas de mortalidad de las 51 alianzas de Fase I que a 2014 han dejado de operar, como se ilustra en la tabla siguiente, demuestra que las causas susceptibles de ser controladas, como son las referentes a problemas en la pre-inversión o en la implementación, fueron disminuyendo a medida que avanzó la ejecución de la Fase I y se fueron implementando soluciones como producto de los aprendizajes; la flexibilidad del diseño permitió el mejoramiento y corrección de aspectos que no contribuían a la implementación de alianzas exitosas.

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Alianzas Fase I fuera de operación según causa de mortalidad y año de implementación
Diciembre de 2014

Causa de mortalidad	Año de Implementación						Total general
	2002	2003	2004	2005	2006	2007	
Preinversión	1	4	3	5	5	1	19
Implementación		2	1		1	2	6
Ciclo del negocio		2	2	6	2	1	13
Entorno	1	1	3	2	4	2	13
Total general	2	9	9	13	12	6	51

Alianzas Activas e Inactivas Fase I
Diciembre de 2014

Concepto	Año de Implementación						Total general
	2002	2003	2004	2005	2006	2007	
Alianzas Activas Fase I	2	6	8	20	31	18	85
Alianzas inactivas Fase I	2	9	9	13	12	6	51
Total alianzas Fase I	4	15	17	33	43	24	136
Porcentaje de mortalidad	50%	60%	53%	39%	28%	25%	38%

De las 51 alianzas de Fase I inactivas, 26 (50%) debieron su mortalidad a factores del entorno (en especial orden público o condiciones climáticas adversas) como ciclo del negocio o condiciones de mercado 6 (12%) a problemas que se presentaron durante la implementación y, 19 (37%) a problemas derivados de la pre-inversión; hay que resaltar que la mortalidad de alianzas fue disminuyendo a medida que avanzó la ejecución y aumentó el número de alianzas implementadas anualmente; en 2002 la mortalidad fue del 50% y en 2007 del 25%, ilustrando la capacidad de mejoramiento continuo año tras año de la estructuración, implementación y seguimiento de las alianzas.

Entorno propicio

Otra de las razones para calificar el diseño del Proyecto como modesto, es que debió haber considerado el entorno propicio de manera más amplia, tomando en consideración los tipos de servicios e inversiones complementarias requeridas para el logro del incremento sostenible de los ingresos de los productores más pobres en las áreas del proyecto.

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En el PPAR se afirma que el PAAP no tuvo en cuenta las condiciones habilitantes o deshabilitantes del entorno para el desarrollo de los subproyectos y no impulsó iniciativas para superarlas o resolverlas. El alcance del PAAP y los recursos a su disposición difícilmente permitían concentrase en aspectos distintos a la implementación adecuada del negocio que sería la base del esquema de alianza con un comercializador; sin embargo las dificultades que el entorno presentaba para el desarrollo de esta iniciativa se enfrentaban, dentro de las actividades previstas en la implementación; por ejemplo, la ausencia de un servicio de asistencia técnica se compensó con el financiamiento como parte de la implementación de la asistencia técnica especifica a la línea productiva impulsada; y las condiciones del entorno favorables al proyecto se reconocían y se aprovechaban en su implementación. Los estudios de pre-inversión contemplaron estos factores y los incorporaron dentro de la propuesta de implementación.

En la medida que fue avanzando la ejecución del PAAP en sus dos fases, se fueron incorporando las enseñanzas producto de su implementación, siendo las limitaciones del entorno y los mecanismos para superarlas una de las principales. Como resultados de estos aprendizajes se mejoró la tasa de sostenibilidad de las iniciativas productivas entre la Fase I y II, pasando de 62.5 % en la Fase I (después de 7 años de su cierre) a 97,21 % en la Fase II.

El PPAR hace referencia a un informe de la OCDE 2015 en el que se señala "la necesidad de programas complementarios esenciales que incluyan la infraestructura rural, en particular de vías asi como un fuerte servicio de extensión agrícola para los productores el cual debe ser heterogéneo o diferenciado en las regiones y sistemas de producción en el área del proyecto". La conclusión de esta frase tomada del estudio, es la persistencia de condiciones desfavorables en el entorno ajenas al Proyecto mismo, que al contrario sugieren no un problema del diseño y de falta de interpretación de las condiciones como lo indica el estudio, sino la persistencia de una condiciones estructurales, que como medida de mitigación fueron previstas desde el diseño al incluir un componente que financiaba los estudios de pre-inversión.

B. Eficacia

Cohesión social

El PPAR observa que la promoción de la cohesión social, siendo uno de los objetivos de desarrollo del proyecto, no contó con una definición clara al inicio; por un lado el PAAP hablaba de la promoción de la cohesión social entre los productores y por el otro de la cohesión social en general en las zonas de operación del proyecto, sin proceder a determinar con mayor claridad qué se entendía por uno y otro concepto.

El PAAP abordó la cohesión social de los beneficiarios desde la pre-inversión; los estudios de pre-inversión contaban con un componente dedicado a propuestas para construir y fortalecer el capital social al interior de las organizaciones de productores y a la identificación de riesgos sociales que impidieran su consolidación.

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Este análisis derivaba en un plan social que atendía estos elementos y que debía ejecutarse durante la implementación; el plan social contaba con recursos asignados para su ejecución.

Aunque no se formularon indicadores de seguimiento de los resultados obtenidos en la ejecución del plan social, indirectamente se puede afirmar que la persistencia en el tiempo de 85 de las 136 alianzas financiadas durante Fase I, se debe en parte a la supervivencia de las organizaciones de productores de esos proyectos y esa supervivencia es una consecuencia de los planes sociales implementados.

En la última revisión de los indicadores globales reportados en el Informe de Gestión del segundo semestre de 2014, se evaluó la calidad del equipamiento empresarial de las 85 alianzas activas de Fase I, sobre la base de una escala de 1 a 10 donde los valores por encima de 7 se consideran aceptables:

Calificación de la operación de la gerencia:	63 (74% del total)
Calificación de calidad contable:	67 (79% del total)
Calificación adopción de competencias gerenciales:	66 (77% del total)

Adicionalmente, puede afirmarse que las alianzas activas de Fase I han contribuido a fomentar la cohesión social de su zona de influencia al atraer nuevos pequeños productores al esquema de alianza, que no recibieron los aportes monetarios del proyecto; estas alianzas han atraído un 28% adicional de productores a participar en el negocio.

Insuficiente atención a la condición de pobreza de la población objetivo

Si bien es cierto el Proyecto solo hasta el final de la intervención de la primera fase desarrolló un sistema de información, monitoreo y seguimiento con altos estándares, no puede afirmarse, como indica el informe, que no se prestó la suficiente atención a la condición de pobreza de la población objetivo, comunidades de productores de bajos ingresos.

El Project Appraisal Document, PAD (Diciembre de 2001) define la población objetivo como de pequeños productores del sector agropecuario, agregando que el Proyecto podía ser clasificado como una operación orientada a combatir la pobreza ya que el grupo de población al que iba dirigido poseía una proporción de bajos ingresos significativamente mayor que el del resto de la población colombiana. El Manual Operativo aprobado en 2003 delimitó la definición a pequeños productores del sector agropecuario así: productores cabeza de familia, alfabeto o al menos que algún miembro de su hogar lo sea, mayor de edad y menor de 60 años, con experiencia en el sector agropecuario no inferior a tres años, con acceso a la tierra y cuyos ingresos familiares provengan al menos en un 75% de actividades del sector agropecuario y no excedan los dos salarios mínimos legales vigentes; para los hogares que poseían tierra su extensión no podía ser mayor a 2 unidades agrícolas familiares, UAF, y sus activos familiares no podían exceder los 200 salarios mínimos legales vigentes. De esta manera, a través de esta definición de la población elegible el Proyecto se aseguró que entre la población objeto quedara incluida la población pobre.

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La misma argumentación del PPAR indica que existen fuentes primarias como la Evaluación de Impacto realizada por Econometría, o la Evaluación Económica Financiera realizada por FAO, así como cruces de información secundaria (Bases de Red Unidos y de programas asistenciales) que dan cuenta que dentro de la población atendida, un porcentaje muy alto correspondió a población en condición de pobreza ("75 por ciento de las personas registradas como participantes del proyecto de Alianzas Productivas, estaban participando igualmente en los programas" ; "...., el 61 por ciento estaban de igual manera, establecidos físicamente en territorios rurales en condición de pobreza. Sin embargo solo un tercio de este grupo aparece registrado entre los más pobres de los pobres tal y como está registrado en el programa Red Unidos del Gobierno Nacional.")

Visto de otra manera, el Proyecto no se limitó a atender población en condición de pobreza extrema, pero no la excluyó; el Proyecto se concentró en apoyar alianzas productivas articuladas con el mercado, rentables y sostenibles sin que esta concentración hubiera excluido a la población pobre; al contrario y como lo atestiguan las cifras ya citadas, la proporción de población en condiciones de extrema pobreza es significativa; adicionalmente, las condiciones de elegibilidad limitaban el apoyo del Proyecto a población rural de bajos ingresos; en otras palabras los resultados obtenidos por el Proyecto fueron exclusivamente para población rural de bajos ingresos.

Si las consideraciones que hace el PPAR respecto a que los objetivos de mejora en los ingresos y en empleo indican resultados sustanciales, no es muy claro por qué el diseño se califica como modesto, si los principales propósitos del diseño se cumplieron.

C. Eficiencia

Conjuntamente con la cohesión social, la eficiencia es calificada como modesta, constituyéndose estos en los principales argumentos para el cambio de calificación de los resultados del proyecto, pasando de satisfactorios a moderadamente satisfactorios. La evaluación de la eficiencia que hace el PPAR se aborda desde dos ángulos: los altos costos de los servicios para la implementación de las alianzas, en comparación con los beneficios reportados, y la débil metodología utilizada para el cálculo de las tasas de retorno de las inversiones en los negocios de alianzas.

La primera objeción a estas premisas es que la relación costo/beneficio que calcula el PPAR se basa principalmente en los resultados del primer año de terminado el proyecto, sin tener en cuenta que durante la Fase I se invirtió en la conformación de agronegocios con diversos horizontes de desarrollo del ciclo de negocio, en donde el 15% correspondían a productos transitorios, 33% a semipermanentes y 52% a permanentes, es así que en el año 2007 dos de cada tres alianzas[1] (65%) de la Fase I, no tenían aún proyectado iniciar su vida productiva en dicho año y el 17% estarían apenas en su primer año productivo. Es decir, solo el 18% de las alianzas estarían en su segundo año productivo hacia delante.

[1] Base: 85 alianzas en operación a 2014 de las que se lleva registro de indicadores globales

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Por consiguiente, no es representativo basarse en información que se tomó en ese momento, porque no se tenían otra opción, en lugar de tomar la información que actualmente tiene el proyecto de las alianzas de Fase I a 31 de diciembre de 2014, producto del monitoreo y seguimiento periódico de resultados de ventas de estas alianzas.

Como evidencia de los beneficios obtenidos por los productores de la primera fase, se presentan estos resultados tomados de la información base cálculo de los indicadores globales del Proyecto, que cada semestre se obtienen directamente con las Organizaciones de Productores, en los cuales se lleva un registro de las ventas reportadas comparadas con las metas presupuestadas para cada alianza y que se reportan al Banco Mundial semestralmente en los Informes de Gestión. El análisis separado de las alianzas de primera fase muestra que las 85 alianzas que siguen en operación han tenido ventas durante los últimos 5 años (2010-2014) en que ha operado el sistema de monitoreo y 77 de ellas lo han hecho de manera ininterrumpida y creciente en este mismo periodo.

Con respecto a las metas de ventas propuestas de las alianzas, que corresponden a las proyecciones que se hicieron en los estudios de pre-inversión, el cumplimiento que han obtenido estas alianzas ha alcanzado el 79,3% acumulado a 31 de diciembre de 2014.

Con estas ventas se obtiene un ingreso promedio por productor de USD$5.314 anuales para el 2014 (pesos corrientes), que corresponden al valor de las ventas brutas de la alianza en dicho año, este promedio equivale a 1,44 salarios mínimos vigentes para el mismo año. En la siguiente tabla se presentan los valores por cada año que se ha monitoreado que corresponden a las ventas de las 85 alianzas de primera fase en operación:

	2010	2011	2012	2013	2014
Ventas totales ($ millones de pesos)	$ 51.512	$ 59.863	$ 54.938	$ 60.082	$ 60.158
Cumplimiento meta ventas acumulado	79,5%	79,1%	75,3%	75,9%	79,3%
Ventas en la alianza promedio productor en pesos	$ 7.826.190	$ 9.400.640	$ 8.832.546	$ 10.047.167	$ 10.630.423
Salarios mínimos equivalentes por productor del año	1,27	1,46	1,30	1,42	1,44

Estos resultados es necesario enmarcarlos en el hecho de que se trata de agronegocios que en la pre-inversión se plantearon dentro de un horizonte acorde con el tipo de producto de la alianza, para los cual se tuvieron en consideración los mínimos definidos en el Manual Operativo del Proyecto Fase I 2003 (3 años para cultivos transitorios, 5 años para cultivos semipermanentes y 8 años para permanentes). La mayoría de las preinversiones previeron un horizonte mayor al mínimo requerido,

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sin embargo en el 2013 ya 5 de las alianzas (4 del 2003 y 1 del 2005) superaron el horizonte programado y en el 2014 otras 10 (1 del 2002, 2 del 2004, 4 del 2006 y 3 del 2007). No obstante haber superado su horizonte, estas alianzas siguieron reportando ventas en los años siguientes.

Con estos resultados, se puede concluir que los beneficios esperados con la implementación del proyecto en cuanto a los ingresos percibidos por los productores en su operación comercial, se están cumpliendo en un porcentaje satisfactorio, con lo que se puede inferir que se acercan significativamente a los retornos proyectados. Si bien al analizar por línea productiva se encuentra dispersión en los resultados, esto tiene relación con los ciclos de vida de cada agronegocio.

En segundo lugar, el análisis de costo operativo no puede ser la base de una evaluación de retorno de inversión, como se sugieren en el análisis del PPAR al afirmar que éste es 2.5 veces mayor que los beneficios recibidos a la fecha del análisis, el retorno debe ser calculado es sobre las inversiones directas en cada una de las alianzas, tal como se proyecta cada estudio de pre-inversión correspondiente. No obstante, la referencia que hace el PPAR a las TIR calculadas en la evaluación de FAO 2007, la que se estimó en promedio en un 20%, con alta variabilidad entre -34% y 165%, lo que finalmente demuestra es que el promedio alcanzado en ese momento estaba por encima de la línea mínima esperada por el indicador del Proyecto, entendiendo incluso que no se podían evaluar todos las alianzas bajo el mismo estándar pues como ya se explicó, los ciclos de los negocios estaban en momentos muy diversos y el 65% de ellos no había empezado aún su ciclo productivo, lo cual claramente explica la variabilidad encontrada.

Es así que la verdadera eficiencia del costo operativo se debe analizar es en proporción de los recursos movilizados, identificando cuál es el costo de implementar las inversiones de las alianzas. De acuerdo con la evaluación hecha en el PPAR, el costo del Proyecto en Fase I se estimó en US $ 657 por beneficiario. En este concepto, se incluye los rubros de preparación de alianzas (preinversiones) y la gerencia y administración del proyecto. Sin embargo, en los análisis de costo operativo que ha adoptado el proyecto y que ha sido presentado en las misiones y solicitudes de Banco Mundial, no se incluye el renglón de preparación de alianzas ya que se considera un rubro de inversión, puesto que su resultado directo es la estructuración del plan de negocios de la alianza. Con lo anterior, el costo operativo estaría representado únicamente en el rubro de Gerencia y administración del Proyecto, lo que equivale a US$ 393 por beneficiario.

Este costo operativo representa el 15% del Presupuesto del Proyecto, no obstante hay que considerar que los esfuerzos de gestión del Proyecto no se limitan al aporte del MADR sino a asegurar la concurrencia sincronizada de todos los recursos de cofinanciación, por esta razón, el costo operativo del proyecto se debe estimar sobre el total de recursos apalancados. Tomando como referencia el valor total de las inversiones realizadas en la Fase I, estimadas en US $ 76 millones equivalentes a US$ 6.488 por beneficiario, a este valor sumamos los rubros de preparación de alianzas calculados en US $ 3,1 millones y se alcanza un valor total de inversión de $79,1 millones que equivalen a US$ 6.752 por beneficiario. Basado en este cálculo el costo operativo del Proyecto equivaldría a 5,8% (USD$ 393 / 6.752) lo cual es una relación de costo-eficiencia razonable comparado con proyectos similares, muy

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a pesar de que se trataba de la primera experiencia o etapa experimental en el marco de los objetivos de largo plazo señalados en el decreto 321 del 2002.

Ahora, si bien es cierto la metodología empleada para el cálculo de los ingresos del Análisis Económico y Financiero Ex-post se basó en su momento en el recuerdo de los productores sobre sus ingresos en el tiempo pues era lo único con lo que entonces se contaba, con el análisis de la información actual se tienen bases concretas que demuestran que el desempeño de los negocios han alcanzado niveles satisfactorios, de acuerdo con las proyecciones realizadas en las preinversiones, de lo cual se infiere que se están alcanzando los retornos esperados sobre la inversión, todo esto con un costo de implementación muy razonable con respecto a las inversiones realizadas.

2. Riesgos que se presentaron durante el desarrollo

A. Institucionales

El riesgo institucional del PAAP, según el PPAR se origina en que no se generó en el sector público una capacidad suficiente como para hacerse cargo del PAAP; y se estipula como prueba de ello que el plan de transferencia de la Fase II tampoco ha avanzado significativamente.

Durante la Fase I se diseñó una estrategia para integrar las administraciones públicas departamentales dentro de la ejecución del Proyecto procurando aislar o neutralizar los efectos no deseados surgidos de los intereses políticos de dichas administraciones; la participación de las administraciones departamentales se circunscribió a la promoción inicial de las convocatorias, a la selección de los perfiles elegibles y la priorización de estos últimos de acuerdo a sus prioridades de desarrollo; las etapas siguientes, de carácter técnico, quedaron a cargo de los equipos de consultores contratados en cada región; de esta manera se consiguió la participación de las administraciones departamentales sin que sus intereses políticos interfirieran en la selección final de los subproyectos.

Esta estrategia permitió despertar el interés de las gobernaciones en el proyecto, llevándolas, en muchos casos a utilizar su operación como un mecanismo para implementar sus propósitos de desarrollo rural sin que por ello se afectara la calidad técnica del proceso de selección ni su transparencia.

Hoy en día cuando la operación del PAAP se encuentra en etapa de transición, son las secretarías de agricultura departamentales las que más se han preocupado y presionado por una pronta reiniciación. Todo lo anterior demuestra el alto involucramiento del sector público con el proyecto, en sentido contrario a lo afirmado en el PPAR.

B. Financieros

Los riesgos financieros que en el PPAR se califican como significativos, se atribuyen específicamente a los fondos rotatorios que obtienen en esta evaluación una valoración de pobre implementación, con la cual también estamos en desacuerdo.

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En primer término, es preciso aclarar que la estrategia financiera del Proyecto va más allá de la implementación de los fondos rotatorios, pues estos ni siquiera estaban contemplados en la formulación inicial del Proyecto en la Fase I. En su diseño el PAAP consideró las dificultades de los pequeños productores para el acceso a crédito, lo cual se esperaba contrarrestar con la estrategia de cofinanciación y el desarrollo de los negocios, como garantía para acceder al sistema financiero.

La estrategia de cofinanciación rindió frutos más allá de lo esperado pues la meta de alianzas financiadas se sobrepasó en un 36% con un menor presupuesto al proyectado inicialmente y a pesar de haberse reducido el presupuesto durante la implementación, esta meta no se disminuyó. Al final sólo fue requerido un aporte del PAAP del 25% en la inversión total de los negocios, lo que implica que con la estrategia se logró un índice de apalancamiento de USD 4 a 1.

La metodología de estructuración financiera sumada a la cofinanciación también demostró ser efectiva, pues todas las alianzas lograron ser ejecutadas y cumplir sus metas de implementación, y aunque hubo 51 que salieron de operación, la falta de financiación no fue una causa significativa en ellas, tal como se detalló en el análisis de causas de cierre del punto 1.

No obstante y a pesar de los esfuerzos, durante la implementación se identificó la imposibilidad del Proyecto de superar las barreras de acceso al sistema financiero para los pequeños productores teniendo como garantía el desarrollo de sus negocios, lo que si bien no se requería para la implementación de las alianzas, si se visualizaba como una necesidad futura de las organizaciones para financiar los eventuales crecimientos y superación de algunas dificultades en sus agronegocios. Por tal razón se optó por crear una figura de autofinanciamiento a través del ahorro producto de las ventas del agronegocio impulsado, la cual se concibió como un fondo rotatorio.

Los fondos rotatorios, como fueron diseñados por el Proyecto, buscaban la capitalización del subsidio efectivamente recibido por los productores a través de sus organizaciones, con el fin de aumentar la sostenibilidad de los agronegocios en el mediano y largo plazo. Aunque la figura que se utiliza es la establecer un plan de pagos a través de un reglamento, no es afortunada la comparación que se hace en el PPAR del fondo rotatorio con los créditos en entidades del sistema financiero formal.

Una primera diferencia del modelo de fondos rotatorios para las alianzas con los créditos del sistema financiero formal, está en la determinación de las condiciones de retorno, las que son concertadas con los mismos productores de acuerdo a la planeación financiera de cada agronegocio evaluada en el estudio de preinversión, adicionalmente, el pago de los recursos es voluntario en la medida que no hacerlo no le reporta a los productores consecuencias por fuera de la organización, cómo si lo hace el sector financiero; y por último, el retorno al fondo rotatorio de una porción de las subvenciones del Proyecto, está directamente ligado con la actividad comercial de la alianza, es así que si por alguna razón, como por ejemplo, un siniestro de los cultivos por razones climáticas, no se perciben ingresos del producto de la alianza, los productores al interior de la organización puede concertar autónomamente una restructuración de los retornos para cuando se recupere la dinámica de comercialización, sin ninguna consecuencia para ellos.

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Esta innovación, producto del aprendizaje, fue introducida en el proyecto hacia el final de la Fase I, en el año 2006, y sólo para los proyectos que se iniciaron a partir de este año, se planteó desde el inicio de cada alianza y no fue impuesto durante la ejecución de las mismas. Para aquellas alianzas que a esa fecha ya habían iniciado su implementación o ya habían sido implementadas, se les propuso y se impulsó desde el Proyecto, la adopción del Fondo Rotatorio, lo cual fue estudiado e incorporado voluntariamente por las organizaciones de productores y no existe ninguna evidencia que relacione la implementación de esta herramienta con el cierre anticipado de una alianza.

Si bien es cierto que los Fondos Rotatorios al inicio de su implementación reciben cierta resistencia de los productores que no tienen experiencia en este tipo de mecanismos, una vez se constituyen y se comienza a notar sus bondades, desde lo financiero y organizacional, van ganando mayor aceptación entre los beneficiarios, quienes también tienen un cambio gradual de la percepción de su negocio y la importancia de la capitalización para sostenerlo, logrando que al final de la intervención se reconozca como uno de los instrumento más poderosos que deja el Proyecto como se ha evidenciado en las visitas de campo en las misiones de supervisión que ha realizado el Banco Mundial.

Revisando los resultados de los fondos rotatorios entre las 85 alianzas de Fase I que siguen en operación, se puede notar esta tendencia, pues a pesar de que la intervención directa del proyecto ha finalizado hace 5 o más años y el no aporte al fondo no les implica ninguna consecuencia, las organizaciones han optado por seguir con el fondo rotatorio. Los resultados recopilados a través de la información base de los indicadores globales del proyecto en el sistema de monitoreo, muestran una tendencia de crecimiento de los fondos rotatorios, tanto en la cantidad de organizaciones que los han adoptado como en el valor de los aportes de los mismos.

	2010	2011	2012	2013	2014
Alianzas con fondo programado	69	75	84	84	84
Alianzas con aportes al fondo	62	71	75	78	79
Valor programado de recuperación en los fondos (millones de $)	$ 11.275	$ 14.800	$ 21.586	$ 24.135	$ 25.857
Valor Recuperado en fondos (millones de $)	$ 7.529	$ 8.723	$ 11.345	$ 12.751	$ 14.296
Porcentaje recuperación	66,8%	58,9%	52,6%	52,8%	55,3%

Se puede apreciar como cada año nuevas organizaciones se suman a constituir el fondo rotatorio, lo cual también se explica por los ciclos de vida de los negocios, pues aquellas con cultivos permanentes los acordaron con varios años de gracia previos a empezar a percibir ingresos por la alianza y por consiguiente no hacen aportes al fondo durante este tiempo. Pero es notable que después de tantos años de terminada la intervención, inicien con la constitución del fondo rotatorio. Las fluctuaciones

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porcentuales de aporte entre los diferentes años también se explican por los mismos motivos, pues el ciclo del negocio y el ciclo productivo no siempre coinciden con lo que se tenía previsto en la pre-inversión, lo cual tiene incidencia directa en la recuperación del fondo, además de los efectos negativos en la producción y ventas de las alianzas que han tenido fenómenos climáticos en el territorio colombiano, como La Niña y El Niño, durante este periodo.

Es de resaltar que de las alianzas que mantienen operación de la Fase I, 84 de ellas tiene programado la recuperación del fondo y 79 (94%) ya lo está haciendo. Un porcentaje de 55,3% de recuperación, que para un crédito formal sería bastante negativo, en este caso, por tratarse de un aporte voluntario, se constituye en un indicador positivo que muestra un proceso creciente y gradual de consolidación socioempresarial de las organizaciones y de capitalización de los agronegocios.

La experiencia con las organizaciones de la Fase I y Fase II, han demostrado que la posibilidad de aporte al fondo rotatorio no está determinado por el nivel de pobreza de los productores, ni por el grado de consolidación de la organización, sino que se determina por la dinámica que va ganando gradualmente el agronegocio. Por el contrario, el fondo rotatorio sí se constituye en una herramienta que ayuda a las organizaciones a fortalecerse y a funcionar como empresas, y a los productores a tener un soporte que les ayuda a superar sus condiciones de pobreza.

C. Sociales

Como ya se observó en la sección 1. Cohesión Social, la promoción de la cohesión social, siendo uno de los objetivos de desarrollo del proyecto, no contó con una definición clara al inicio, lo que derivó en un mayor riesgo social del Proyecto; sin embargo y como también se observó en esa misma sección, el Proyecto abordó el componente social a través de la evaluación social que hizo parte de los estudios de pre-inversión y del plan social formulado para atender los riesgos sociales identificados en esa evaluación y ejecutado durante la fase de implementación de las alianzas; de esta manera el Proyecto abordó y controló los riesgos sociales que enfrentaban las alianzas.

En esa misma sección, se afirmó que en alguna medida las 85 alianzas de la primera fase del Proyecto que aún permanecen activas, han conseguido ese resultado porque poseen una estructura organizativa consolidada y una base social comprometida con el proyecto que hace posible la continuidad de un negocio colectivo articulado a un mercado formal; y esa condición es resultado del componente social del Proyecto.

Teniendo en cuenta estas consideraciones puede afirmarse que la forma cómo el componente social de la primera fase del PAAP abordó los riesgos sociales de las alianzas permitió controlarlos debidamente.

3. Salvaguardas ambientales

En el PPAR se refiere a la información contenida en la evaluación del gobierno (MADR 2008) y precisa que en ella se "encontró que solo el 60% de las alianzas habían cumplido plenamente con los criterios ambientales establecidos por las políticas operativas del Banco".

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Respecto de ese resultado del análisis ambiental realizado en 2007 y recogido en el ICR publicado en marzo 14 de 2009 página 10, queremos aclarar que la referencia completa fue: "el 60% tiene un nivel de cumplimiento alto, medio el 30%, bajo o ninguno el 10 %". Creemos que se debe leer en el sentido positivo, es decir que el 90% de alianzas de la muestra analizada tuvo implementación satisfactoria y solo el 10% no satisfactoria, lo cual es importante dada la inclusión de ese componente ambiental en proyectos agropecuarios, que no era muy común en la gestión agropecuaria de la época (2002-2007) y menos con pequeños productores.

Es importante tener en cuenta además que el promedio de área de intervención para la Fase I, fue inferior a las 2.5 hectáreas por beneficiario, es decir, son áreas pequeñas que no generan un impacto ambiental significativo, que se desarrollan en tierras que ya tienen uso agrícola o pecuario, y que en muchas ocasiones no tienen continuidad espacial en el total de hectáreas de la alianza, lo que disminuye de manera significativa, los efectos negativos de la actividad productiva apoyada.

Con relación a las definiciones para la Fase I, el PAD clasificó el Proyecto como categoría B, para el cual se activaron como políticas de salvaguarda ambiental la OP 4.01 (evaluación ambiental) y la OP 4.09 (manejo de pesticidas). Adicionalmente definió las directrices medioambientales tomando como guía las de los fondos sociales, así:

- Verificar conformidad del subproyecto con criterios de elegibilidad (incluyendo la lista negativa de los proyectos de la categoría A y que no incluya líneas productivas que el Banco no financia, como el tabaco).
- Cerciorarse que el subproyecto esté de acuerdo con el uso de la tierra establecido en los planes de ordenamiento para la zona.
- Utilizar una matriz predefinida que identifique posibles impactos ambientales de las diversas actividades de producción y determine si requiere una EIA completa, una EA limitada, o ninguna EA.
- Elaborar la EIA o EA limitada y proponer un plan de manejo ambiental basado en sus resultados. Monitoreo por la comunidad, con supervisión del GCP y proveedores de asistencia técnica.

Por lo tanto la Fase I incluyó el siguiente protocolo para dar cumplimiento a las salvaguardas ambientales:

- En cada convocatoria anual se hizo la divulgación de la Lista Negativa (BM), así como del Listado de Plaguicidas Prohibidos en Colombia (ICA), más la orientación precisa de no usar productos de categoría toxicológica I y II; esos documentos se incluyeron en los términos de referencia entregados a los potenciales partícipes públicos y privados.
- El procedimiento de evaluación ambiental incluyó el diligenciamiento de la Lista de Chequeo Ambiental por parte de los formuladores de subproyectos y la evaluación de esa información por parte de la OGR, para determinar la elegibilidad ambiental del perfil. La lista incluyó preguntas sobre áreas protegidas, uso del suelo y ordenamiento territorial, gestión ante autoridad ambiental, normatividad aplicable, riesgos naturales, articulación institucional local, uso de agroquímicos, prácticas nocivas al medio ambiente, deforestación, uso de riego, generación de residuos, procesos agroindustriales y certificaciones de calidad, entre otros.
- El procedimiento de evaluación ambiental empleado durante la fase de pre-inversión, permitió establecer la viabilidad de los subproyectos, e incluyó el Estudio de Impacto Ambiental - EIA para cada perfil aprobado, que concluyó en un Plan de Manejo Ambiental – PMA. Esta evaluación se desarrolló con base en los

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términos de referencia establecidos por el GCP. Un aspecto importante en la EIA se refirió al concepto emitido por la Autoridad Ambiental Regional y a las reglamentaciones existentes para el uso o aprovechamiento de los recursos naturales y del medio ambiente. El EIA incluyó la identificación y valoración de los impactos ambientales del proyecto, así como la determinación de acciones de capacitación y de soluciones ambientales para controlar o mitigar esos impactos.

- El procedimiento de seguimiento a la implementación de los PMA, en la fase de inversión estuvo orientado a verificar, mediante visitas a los subproyectos, realizadas por expertos en monitoreo de la OGR, la aplicación de las medidas de manejo ambiental y la realización de las actividades señaladas en el PMA. Los resultados obtenidos se incluían en un informe general de desempeño en la implementación de la alianza.

Con esas revisiones, consultas y elaboración del PMA se dio cumplimiento de las directrices y salvaguardas ambientales para las 136 alianzas de Fase I desde la etapa de pre-inversión, donde se verificó su viabilidad ambiental. Posteriormente se hizo seguimiento de la implementación con el cumplimiento del PMA.

Los resultados de ese cumplimiento para las alianzas activas son verificados actualmente sobre la base del sistema de seguimiento y monitoreo que se reportan semestralmente en los Informe de gestión, y arrojan lo siguiente para las 85 alianzas activas de Fase I:

	2010	2011	2012	2013	2014	promedio
Operando	85	85	85	85	85	85
Cumple	67	75	74	75	69	72
Porcentaje	79%	88%	87%	88%	81%	85%

A diciembre de 2014 se observa que de esas 85 alianzas de Fase I que aún siguen en operación, 69 de ellas (81%) continúan aplicando satisfactoriamente las prácticas y soluciones de manejo ambiental realizadas durante la ejecución; igualmente se puede ver que en el lapso de los últimos 5 años el cumplimiento de ese manejo ambiental es del 85% en promedio, que es positivo en la sostenibilidad ambiental de esas alianzas.

4. Desempeño del prestatario

A. Desempeño del Gobierno

En el PPAR una de las razones que se argumentan para calificar el desempeño del prestatario como moderadamente satisfactorio es "la cancelación anticipada de una importante cantidad de los recursos de crédito, lo que pudo haber afectado el alcance de los objetivos del proyecto"; este Ministerio considera que esta afirmación desconoce las verdaderas causas que originaron esta cancelación anticipada y concluye erróneamente en el desinterés del Gobierno Nacional por el Proyecto.

Las diferentes comunicaciones solicitando la reducción del empréstito se apoyaban en restricciones de espacio fiscal que para ese momento enfrentaba la Nación debido a una coyuntura macroeconómica

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desfavorable; dichas razones aparecen consignadas en la comunicación del 10 de septiembre de 2003 del Ministerio de Hacienda y Crédito Publico al Banco Mundial.

Adicionalmente, el interés del gobierno nacional debe medirse también por la decisión de implementar una Fase II y adicionarle recursos más allá de sus compromisos contractuales con el Banco Mundial; así la Fase II no haga parte de la evaluación adelantada por el IEG, su implementación es una calibración del interés del gobierno por este proyecto.

Finalmente, tampoco hay evidencia alguna de que el recorte del crédito hubiese afectado los objetivos o metas establecidas para el Proyecto; por el contrario, el Proyecto en su primera fase logró superar en 117% las metas de familias beneficiadas y el número de subproyectos implementados en 136%; de otro lado, los resultados en generación de ingresos y empleo de las comunidades rurales en condición de pobreza, son evaluados como sustanciales en el mismo PPAR.

5. Conclusiones

A. El Ministerio quiere reiterar su satisfacción con los resultados obtenidos por la ejecución de las dos etapas del Proyecto Apoyo a Alianzas Productivas; durante los más de doce años de su ejecución se ha consolidado como uno de los principales instrumentos de intervención para el impulso de la pequeña producción del sector agropecuario a través de proyectos basados en esquemas de alianzas articuladas con los mercados formales de una manera rentable y sostenible.

B. El PAAP ha demostrado cómo la promoción de agronegocios colectivos de pequeños productores permite superar buena parte de las limitaciones de esa pequeña producción y articularla con mercados formales que le imprimen un dinamismo que transforma su actividad productiva en una fuente de mejoramiento y bienestar.

C. Sin lugar a dudas esta experiencia no ha estado exenta de dificultades pero el mismo diseño del esquema de operación ha permitido corregir y reorientar las actividades correspondientemente; esta flexibilidad del diseño que recoge enseñanzas y aprendizajes, ha permitido que un proyecto que nació como experiencia piloto pueda considerarse como un instrumento debidamente probado para ser integrado a una política de desarrollo rural con enfoque territorial.

D. Actualmente cuando se viene discutiendo cómo debe ser la intervención del estado en zonas rurales, en especial ahora que muy probablemente el país enfrentará una etapa de posconflicto, la experiencia lograda en la ejecución de las dos etapas del PAAP es especialmente valiosa y será tenida en cuenta en cualquier formulación futura.

E. Actualmente y con ocasión del cierre del crédito del Banco Mundial que hizo posible la ejecución de las dos etapas del PAAP, este Ministerio viene estudiando la forma de integrar su operación a la del Ministerio y así incorporarlo de manera permanente a su oferta institucional.

F. A lo largo de esta comunicación se demuestran las discrepancias encontradas con los contenidos y conclusiones del PPAR con el ánimo de argumentar por qué este Ministerio considera que la reducción

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de la calificación no procede y que además, esa reducción no da cuenta de la importancia del PAAP para este Ministerio, especialmente en la coyuntura actual.

Me suscribo de usted sin otro particular por el momento.

Atentamente,

Juan Pablo Diazgranados Pinedo
Viceministro de Desarrollo Rural
Encargado de las funciones del Despacho del Ministro

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