

Guatemala: FONAPAZ basic infrastructure programme

Ex post evaluation report

OECD sector	16310 / Social services	
BMZ project ID	1996 65 753	
Project executing agency	FONAPAZ	
Consultant	GOPA	
Year of ex post evaluation	2006	
	Programme appraisal (planned)	Ex post evaluation (ac- tual)
Start of implementation	Q1 1997	Q1 1998
Period of implementation	2-3 years	5 years
Investment costs	EUR 7.7 million	EUR 5.6 million
Counterpart contribution	EUR 2.6 million	EUR 2.2 million
Financing, of which FC funds	EUR 5.1 million	EUR 4.7 million
Performance rating	4	
• Relevance	3	
• Effectiveness	4	
• Efficiency	4	
• Overarching developmental impact	4	
• Sustainability	4	

Brief description, overall objective and project objectives with indicators

The Guatemalan social investment fund FONAPAZ was set up in 1991 in order to provide support for the peace process. Its aim was, on the one hand, to advance the return and resettlement of persons displaced during the civil war and, on the other, to improve living conditions in the former civil war areas by means of the economic and social infrastructure.

The overall objective of the FC programme was to contribute to securing peace by improving the living conditions of the population in the former conflict areas in Guatemala. No indicator was defined to measure the achievement of the overall objective.

The programme objectives were to improve access by poor people (primarily indigenous groups in rural areas) in the conflict areas in the departamentos of Alta and Baja Verapaz to facilities within the economic and social infrastructure, the sustainable use, operation and maintenance of these facilities and active participation by the beneficiaries through their village communities and self-help organisations in the preparation, implementation, operation and maintenance of the facilities.

The indicators for the achievement of the programme objectives were:

- Financing of measures to support poor village communities (aldeas) with an influx of returning refugees (at least 80% of the projects benefit village communities with these characteristics);

- Use and proper operation and maintenance (serious problems in a maximum of 20% of the individual projects);
- Operational and active self-help organisations exist (in at least 80% of all projects village communities or user committees take active part in the preparation, implementation and monitoring of the construction measures and in the operation and maintenance of the facilities).

Project design / major deviations from the original project planning and their main causes

The project measures were carried out as an open programme. They combine investment measures and consultancy services. The participation of the beneficiaries in planning the individual projects was an essential element of the programmes. The individual projects were selected largely with the participation of the target group and the target group transported building materials to the construction sites as unpaid work. This increased the self-esteem of the (mostly indigenous) people but did not establish any mechanism for further social participation. A training programme originally planned for the target groups was not fully implemented.

The implementation procedures were in line with those used by most social funds. However, the results lagged behind those of other funds because, from 1999/2000 onwards, FONAPAZ came under massive political pressure which impeded consolidation of the project management procedures that had been developed. Many technical and design errors were made in the planning stage of the individual projects and these had a negative impact on use and maintenance. The weaknesses of the project executing agency could not be countered entirely by the consultancy services. Overall implementation was severely delayed and the promotional support was not continued.

Key results of the impact analysis and performance rating

Overall, 129 fairly small social infrastructure projects were set up or improved. Most of these dealt with schools (72), roadways (18) and bridges (19) in the near vicinity, and latrine building (11) and a few addressed health facilities, markets, water supply and wastewater disposal. With regard to the FC funds, priority was given to the rural transport sector (total 54%), followed by schools (34%) and latrines (5%).

The ex post evaluation examined 24 individual projects (just under 20%), covering 7 roads, 4 bridges, 9 schools, 2 markets and 2 latrine projects. Between three and nine years following the start of operation, more than half the facilities (13) were in a good condition, 30% were in an average condition (7) and only four projects were in a distinctly poor condition. However, all projects in a poor condition were those concerned with rural roads and bridges. Of the eleven roads and bridges visited, only two were in a good state of repair. This gives cause for concern as rural transport was an investment priority.

The schools are in a good state of structural repair, teachers have been appointed, and the schools are functioning as primary schools with all classes. However, in many cases the number of pupils per teacher is below the sector standard. The drop-out rates in classes 5 and 6 are so high that often only ten pupils per age group remain on the register. The rural roads (gravel roads) have given several village communities access to public transport and regular transport services to markets or district capitals. They are highly appreciated by the local people. However, the settlements concerned are small and the average traffic density is well below 50 vehicles a day. Lorries are the main means of public transport, which only operates on market days. Most of the roads are in a condition which will not permit long-term use. Owing to planning deficiencies, the benefits of projects intended to provide basic sanitary facilities (latrines) are limited. The model of the (relatively expensive) compost toilets is meeting with only partial acceptance while latrines with large, low-maintenance cesspits are readily accepted. Of the two water supply systems, one is acceptable and the other problematic. The markets which, it was hoped, would boost local economic development are not being run profitably.

The measures benefited poor provinces and most of the people living at the selected project locations are poor. The people living at the project locations had a decisive influence on the selection of the measures. Most of the beneficiaries interviewed during the ex post evaluation indicated that their living conditions had improved considerably in the last ten years and that the projects had contributed to that. Strengthening decentralisation was not an explicit programme objective as there was no relevant policy at the time of the project appraisal. Participation by the beneficiaries in the planning of the individual projects was an essential element of the programme. The programme clearly had potential for improving the situation with regard to gender equality but this was not exploited sufficiently. There was no explicit increase in participation by women. The individual projects carried out have no noteworthy environmental impacts. The programme was not geared towards protecting the environment or natural resources.

We rate the developmental efficacy of the project as follows:

Relevance: The measures were essentially appropriate to improving the living conditions of the local population with regard to social matters (schools, health, latrines, water supply) and to reviving local economic cycles (rural roads, bridges, markets). As the armed conflicts were caused essentially by the poor living conditions of the local people, it is feasible for a contribution to have been made in the context of the programme to securing the peace process. The contribution has a limited impact on the living conditions because the potential to derive benefit from the input by German TC (maintenance of priority roads by COVIAL) is not exploited sufficiently and other factors (particularly labour migration to the United States) had a greater significance for the improvement of the situation in the programme areas. We assess the relevance as satisfactory (sub-rating 3).

Effectiveness: The indicators of the achievement of the project objectives were largely not met. On the one hand, far fewer than the required 80% of the individual projects were operated properly. On the other, concepts for the participation of the target group in planning and operating the individual projects were not developed sufficiently. We classify the programme's effectiveness as slightly insufficient (sub-rating 4).

Overarching developmental impact: The individual projects implemented made a limited contribution to poverty reduction and the target groups consider that their living conditions have improved. However, this was achieved not only through the programme inputs and similar contributions by other donors, but to a large extent also through the extensive migration of young members of the labour force to the United States and the money that they sent back home. With regard to the extent of the impact, account must be taken of the fact that the number of actual users in individual types of projects is far smaller than previously assumed. The impact of the programme on the overall objective (to secure the peace process) cannot be clearly defined in quantitative or qualitative terms. Although a durable settlement has been found for the military conflict, the peace agreements have not been implemented fully. The politicisation of the project executing institution has also proved to have a negative effect, with the result that we evaluate the overarching development impact as unsatisfactory (sub-rating 4).

Efficiency: The fact that, despite extensive consultancy services, the quality of the infrastructure provided was insufficient (planning defects, dimensioning problems, problems relating to the construction quality, criticism by the auditors) had a negative impact on production efficiency. With regard to allocation efficiency, in a major sub-sector (construction of rural roads) economic criteria were not taken into account or checked when the individual projects were selected. In the field of water supply the tariffs do not cover operating costs (evaluation: sub-rating 4)

Sustainability: There are high sustainability risks, some of which have already occurred, relating to the investment priority of the economic infrastructure (roads, larger bridges, markets) and to water supply projects. The further training for the users was incomplete and little suited to increasing sustainability (evaluation: sub-rating 4).

Overall, we judge the developmental efficacy of the project to be unsatisfactory (rating 4).

General conclusions and recommendations

The ex post evaluation confirmed some conclusions that have already been reached in other evaluations of social fund programmes. These are as follows:

- It is important for the users to participate in and identify with the facilities built but those are not the only conditions ensuring sustainable operation. At project appraisal and, if appropriate, in the context of accompanying consultancy services, KfW should check whether the project executing agency takes sufficient account of the following aspects:
 - A thorough needs analysis incorporating changes in the general conditions,
 - A realistic assessment of the financial efficiency of the sector ministries and the ultimate beneficiaries,
 - A technically appropriate structure and an accurate definition of the responsibilities for operational and maintenance tasks as well as the provision of medium-term funds for maintenance and operation,
 - The professional technical planning of the individual projects should build on a spatially and sectorally balanced overall plan,
 - In road-building measures, owing to the relatively high unit costs, a minimum of economic considerations should be given to route planning and the volume of traffic, which form the basis of the technical design.
- From the very beginning funds must incorporate effective qualification measures for users and other representatives of target groups into the entire project cycle. In particular, target groups also need to be informed about how projects can be better planned. Non-recurrent events at the end of a project are an inappropriate means of ensuring a lasting transfer of knowledge and of establishing maintenance responsibilities. Qualification and participation concepts must be adjusted realistically to population mobility.
- In terms of implementation and with regard to solving problems relating to sectoral programme approaches, social funds are only better executors of FC measures if the fund selected as the programme executing agency works far more efficiently than other public institutions and formulates quality objectives which extend beyond the construction phase. KfW should carry out an explicit comparative review of these matters at project appraisal.
- The currently available FC monitoring instruments are basically suitable for allowing statements to be made about impacts that are relevant to conflicts and peace. However, KfW ought to make clearer operational use of the potential of projects in this respect during project appraisal and define measurable indicators for that purpose.

Notes on the methods used to evaluate project success (project rating)

Projects are evaluated on a six-point scale, the criteria being relevance, effectiveness, “overarching developmental impact” and efficiency. The ratings are also used to arrive at a final assessment of a project’s overall developmental efficacy. The scale is as follows:

1	Very good result that clearly exceeds expectations
2	Good result, fully in line with expectations and without any significant shortcomings
3	Satisfactory result – project falls short of expectations but the positive results dominate
4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
6	The project has no impact or the situation has actually deteriorated

A rating of 1 to 3 is a positive assessment and indicates a successful project while a rating of 4 to 6 is a negative assessment and indicates an unsuccessful project.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected.)

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and an improvement is very unlikely. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. A rating of 1 to 3 indicates a “successful” project while a rating of 4 to 6 indicates an “unsuccessful” project. It should be noted that a project can generally only be considered developmentally “successful” if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are considered at least “satisfactory” (rating 3).