

**Bhutan: Second Eastern Zone Agriculture Programme**

Item	Assessment Remarks	Rating
<b>Country &amp; Project Name</b>	<b>Bhutan - Second Eastern Zone Agriculture Programme (SEZAP)</b>	
Loan Number	512-BT	
ID Number	1094	
Board Date	08 September 1999	
Effectiveness Date	17 May 2000	
Original Closing Date	31 December 2005	
Final Closing Date	30 June 2005	
Total Project Cost USD(M)	USD 17.83 M	
IFAD loan USD (M)	USD 9.51 M	
Cofinanciers (if any)	Netherlands Development Organisation (SNV) USD 2.11 M - GOB USD 5.06 M - United Nations Capital Development Fund (UNCDF) USD 0.53 M - Beneficiaries USD 0.62 M	
Implementing Agency	MOA, Dzongkhag Administration, Research Centres and Central Farms	
Principal Components	SEZAP's overall goal was to increase the standard of living of 23,000 rural poor and food insecure households in the six Eastern Districts by enhancing productivity outputs, food security and marketable surplus, using sustainable, community based, integrated resource systems. As per the SAR project components were: i) local development initiatives; ii) community-based natural resources development; iii) renewable natural resources services; iv) rural financial services; v) programme facilitation and management.	
<b>Project Performance</b>		
Design	The project was able to identify the core problem of poverty resulting from low agriculture and livestock productivity, lack of access to market and inadequate availability of rural financing. The project further considered the protection of the environment as a key to achieving sustainable livelihoods. The programme adopted an integrated and participatory approach primarily based on village communities and communal resource management principles. This translated in a strong promotion of participatory planning at Geog level. However, the project design feature was complex with multi-levels of implementing units. Coordination was therefore a major challenge. Projections in the design were not realistic. Components were not clearly spelt out and funds poorly allocated. The design feature did not provide powers that would enable the Project Facilitation Officer (PFO) to have a check and balance on programme operations.	3
Implementation	No major difficulties were experienced during implementation of the programme activities. SEZAP adopted a two-phase development strategy (1999 to 2002 and 2002 to 2007). Following MTR the second phase was shortened (2003 to 2005) as most of the funding had already been disbursed. As farm roads to remotely located villages emerged as the priority need for communities, following MTR the original five components were reformulated by removing infrastructure from LDI and making it a separate component. The Programme Facilitation and Management Office (PFMO) was severely understaffed to carry out the project tasks effectively. Still, project management amazingly adapted to the conditions through innovative measures, without much disruption to programme implementation progress. The M&E system was set up only in 2003 with SNV's assistance based on the national M&E system.	4
Relevance	The project was very relevant to the development goals and objectives of the region. The target population was constituted by 23,000 rural poor and food insecure households in the six Eastern Districts.	5
Effectiveness	The performance on farm roads, RNR building constructions, irrigation renovations, numerous trainings and workshops and RNR support services have been accomplished as per the plan target of appraisal report and mid-term review/ MTR and in most cases the target achieved was over 100%. Indeed, the quality of life of the farmers living in the programme area improved remarkably as productivity outputs, food security and marketable surplus increased. The project therefore was highly effective in achieving its developing objective.	6
Efficiency	At MTR IFAD decided to shorten the programme by 2 years. The programme funds and financing arrangements were retained. This decision is testimony to the efficient and effective utilisation of programme funds. The highest expenditure amongst various components was incurred on farm roads (although in this case costs were lower than expected), RNR construction and irrigation. SEZAP was very cautious in the release of programme funds.	4

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<b>Partner Performance</b>		
IFAD	Project implementation was enhanced by the steady support and cooperation extended by the IFAD funding. However, frequent changes in country portfolio manager were not positive, as over five years, there were four CPMs. While this did not disrupt operations, reintroductions and relearning of the programme took time. Project design was also not fully satisfactory.	3
Cooperating Institution	Project implementation was enhanced by the steady support and cooperation extended by the CI. UNOPS supervision missions were an effective facilitator in improving programme operations and guidance. The supervisions assisted with financial transactions, endorsed changes to IFAD and improved specific schemes in programme activities.	5
Government	Initially, due to the lack of necessary skills and because of the established financial procedure, the project run into delays and poor reporting performance. TA from SNV helped overcome this difficulty, enabling timely compliance with the covenant, meeting also all reporting and audit requirements. Follow up on recommendations by missions have been taken very seriously, with necessary changes being adopted and responded to on time. As regards counterpart funding, RGOB contribution was even higher than the loan amount. The implementation of new government policies on decentralisation, participatory development and cooperative development provided greater impetus to project performance. SEZAP maintained a close working relationship with IFAD and its cooperating partner.	4
NGO/Other	The project greatly benefited from SNV technical assistance. SNV overall contribution to the project has been very satisfactory and looked far beyond the conventional technical inputs and advisory services to supporting successful implementation of SEZAP. After overcoming the initial functional integration due to the programme design (to which SNV responded adequately), the technical support to all components was well appreciated by the PFO as well as the programme implementers. SNV was responsive not only to the technical programme needs but also funded some activities.	6
Cofinancier(s)	No information provided for UNCDF cofinancing. For SNV and GOL see above.	NR
<b>Combined Partner Performance</b>	<b><i>Relations among partners are rather satisfactory, as well as their single contribution towards project success, in spite of IFAD weaker performance when compared with other partners.</i></b>	4
<b>Rural Poverty Impact</b>		
Physical Assets	SEZAP made remarkable progress in the provision of rural infrastructure (roads and irrigation rehabilitation), as the overall targets were fully met, with a visible impact truly appreciated by the rural communities. Physical targets in terms of infrastructure supporting key institutions such as research and extension have also been achieved.	5
Financial Assets	Production of food surplus and enhanced livestock production have created a significant source of income for farmers. The lending scheme foreseen by the project was weakened by BDFC inability to fully comply with SEZAP's purpose, and was partly overcome with the introduction of the GGLS scheme. At least 92 credit lending groups comprised of 477 members were established and strengthened. Kitchen gardening introduced by the project also broadened the income sources of farmers. Thanks to the reduced transportation costs deriving from road construction, farmers were able to save substantially on the basic consumption requirements and other necessities.	5
Food Security	At MTR, 60% of households interviewed produced sufficient food or had surplus food, compared to 48% in 1999. The introduction of kitchen gardening, which did not exist prior to the project, resulted in increased food security.	5
Environment	A major project output was the construction of Rural Natural Resources (RNR) centres. Under the community based natural resources management component, a decision was reached to formulate management plans for three common resource areas. Different approaches were used in containing the problem in each pilot area including training of 1,613 beneficiaries and inputs for CRNRM related activities. One of the pilot areas generated national interest and became a showcase of denudation and ongoing resource conservation. Beneficiaries have started to undertake resource conservation on their own and making their own resource conservation plans.	6
Human Assets	The quality of life of farmers living in the programme area improved remarkably. Non-formal education programmes were carried out in the RNR sector. The introduction of kitchen gardening, which did not exist prior to the project, resulted in more diversified and healthier food consumption habits. It also provided a safety net in case of specific crop or livestock failure. Severe cases of hunger or malnutrition are now uncommon. Enrolment in education facilities in the six eastern <i>dzongkhags</i> saw drastic changes as noted in primary school records. In 1990, the male to female ratio was 61:39; in 2004 the ratio was 70.2:52.2 while recent observations show even further improvement. Bhutan is well on track towards achieving the MDGs. Although these changes cannot be exclusively attributed to the programme, it certainly contributed as a result of substantial improvements in the six Eastern regions.	5

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Soc. Cap. & Emp.	SEZAP's capacity building for staff and farmers had a direct bearing on the well-being of the communities and contributed immensely to group mobilisation and organisation and enterprise development. Still, take-off was slow because support to group formation from SEZAP came only in 2003 and cooperatives bylaws were passed only in 2004. SEZAP's profound interest in decentralisation provided mechanisms for greater community participation in local governance.	4
Ag. Productivity	Farmers well responded to the recommended improved practices of cereals and vegetables, which have led to a significant yield increase (between 65% and 77%). There was also a relevant increase in production for livestock. Many farmers adopted improved agricultural technologies resulting in substantial increase in farm productivity. Substantial increases in productivity and diversification derived also from the RNR component.	6
Inst. & Serv.	Major project outputs were the construction of Rural Natural Resources (RNR) centres and effective technical support to stakeholders. The implementation of government policies on decentralisation, participatory development and cooperative development provided greater impetus to project performance. The Agricultural Marketing and Enterprise Promotion Programme (AMEPP) is now capable of using SEZAP's experiences. Given the training provided by the First Eastern Zone programme (FEZAP) and by SEZAP, institutions have been fully developed and strengthened for the delivery of services now and for the future with no further substantial support required.	5
Markets	Construction of agricultural roads improved market access and significantly reduced transport and handling costs by up to 90%. As the project produced significant levels of surpluses, farmers have started facing the realities of marketing or processing farm surpluses and produces. Therefore, they have focused their interest towards post-harvest and value adding activities. On this regard, SEZAP greatly contributed to training requirements of various stakeholders in value-addition, post-harvest processing, and enterprise development. SEZAP also supported business opportunity studies. Farmers are now able to take their surplus produces to the markets and bring back other necessities for home consumption.	6
<b>Project Impact</b>	<b><i>Overall project impact was strong on all impact domains, with targets established at Appraisal and MTR being successfully achieved and the development objective of the project fully achieved. This meant an improvement in livelihood and quality of life of project beneficiaries' as foreseen at appraisal.</i></b>	<b>5</b>
Innovation	SEZAP's profound contribution to decentralisation provided mechanisms for greater community participation and improved governance. SEZAP was also instrumental in the formulation of the Geog planning process, which was the basis for the formulation of the 9 <sup>th</sup> Five Year Plan of the entire Kingdom.	5
Replicability and Scaling-up	The success in the farm road constructions with lower cost implications as compared to similar projects in Bhutan could be replicated elsewhere in the country. The MIF funded project has also been replicated. The participatory planning process initiated by SEZAP was instrumental in the formulation of Geog planning process, and was up scaled by the GOB as it was the basis for the formulation of the 9 <sup>th</sup> Five Year Plan of the Kingdom.	5
<b>Innovation, Replicability and Scaling-up</b>	<b><i>The project major innovation, regarding community participation mechanisms has already been replicated at national level where it has contributed to the national development plan.</i></b>	<b>5</b>
Sustainability and Ownership	SEZAP called for active participation of farmers while implementing the programmes (road construction, irrigation constructions etc.) and ownership of such capital investment materialised. Indeed, the participation of the beneficiaries in farm road construction and to a lesser extent in irrigation schemes was overwhelming. Given the training provided by the First Eastern Zone programme (FEZAP) and by SEZAP, institutions have been fully developed and strengthened for the delivery of services now and for the future with no further substantial support required. IFAD will continue to provide its support for another five years under AMEPP.	5
Targeting	The target population was constituted by 23 000 rural poor and food insecure households in the six Eastern Districts. Participatory planning was the main instrument for ensuring participation of the target group in project activities. During the RNR conference, the need for greater focus in targeting the more vulnerable groups in programme region was pointed out. Low coverage of credit services to poorer section of people was partially overcome with the introduction of the GGLS scheme. Lessons learned pointed out that poorest of the poor have benefited substantially from the project given the right strategy and political will.	4
Gender	Gender mainstreaming picked-up momentum only from 2004 to mid-2005. Gender inequality in terms of access to financial services has narrowed with women accounting for a record high of 37%. About 1,288 participants, including sector heads, planning officers, regional heads etc. received training in gender mainstreaming. A higher number of women attended the non-formal education programme, although women's	4

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	participation in developmental activities remained low because of a low level of education and prevailing household and farm work. The GGLS proved to be a potent tool in closing the gender gap in rural areas as well as in enhancing equity.	
<b><u>Overall Performance</u></b>	SEZAP on the whole performed commendably in terms of delivering and achieving the set of goals and objectives. More importantly, the project was able to address the core problems based on the demand put up by the beneficiaries themselves. The physical targets were all achieved well before the end of programme implementation. SEZAP has also emerged as a pragmatic, field-oriented and result-oriented intervener in the renewable natural resources (RNR) sector. SEZAP has been rated as among the best performing programmes in the IFAD loan portfolio in spite of the difficult conditions imposed by the unique characteristics and physical endowment of the Kingdom in general and the Eastern Dzongkhags in particular.	<b><u>5</u></b>
<b>PCR Quality</b>		
Scope	The PCR covers all expected aspects of the project. No stakeholder workshop was carried out. The PCR was completed in February 2006 and therefore follows the old PCR guidelines.	5
Quality	Information is well presented and the analysis is clear in spite of repetitions. Information needed was easily found.	5
Lessons	Lessons are relevant to the future operation IFAD will undertake in the country and should be taken into consideration to that aim.	5