

<b>Evaluation Recommendation</b>	<b>Government of DPRK</b>	<b>IFAD</b>
<p><b><u>Recommendation 1: Project design</u></b></p> <p>To ensure that future IFAD interventions in DPRK respond to the needs of the rural poor and propose sound and sustainable technical and institutional solutions to rural development constraints, the design process for future IFAD interventions in the country will require:</p> <ol style="list-style-type: none"> <li>a. Broad participation by the envisaged target population and their representatives at all levels (households, land user groups, sub-work teams, work teams, CF management, county officials etc.). Design teams will spend considerable time in the field, meeting with poor people and observing the reality in rural areas. The views and needs of intended beneficiaries will be clearly reflected in project design documents;</li> <li>b. Strong collaboration with national and international rural development partners. Design teams will be composed of staff from potentially partnering institutions. Along the design process frequent stakeholder meetings will be organized by the Government to ensure that ideas and opinions are regularly shared;</li> <li>c. The Government to grant full access to relevant information required for a sound project design, such as the national poverty reduction and rural development strategies, data on population and the economy, current agricultural practices, agricultural research results, information on health and education in the rural areas and so on. IFAD will request such information well in advance of field missions and be as precise as possible in its requests. The Government will provide information requested to IFAD before mission arrival; and</li> <li>d. IFAD to mobilize its own resources to enhance its knowledge and understanding of the socio-economic country context and the needs of the rural poor, considering that little country economic and sector work on DPRK by other international institutions exists. The preparation of the new COSOP is the best opportunity to start building a solid knowledge base.</li> </ol>	<p>The Government fully agrees with the recommendation and its sub-recommendations.</p>	<p>IFAD fully agrees with the recommendation and its sub-recommendations.</p>
<p><b><u>Recommendation 2: Partnerships</u></b></p> <p>Partnerships are crucial to development cooperation with DPRK, not only for the design of interventions (see recommendation 1b) but all through project implementation, monitoring and evaluation. Collaborations facilitate information sharing, improve coordination of efforts, ensure that each partner's comparative advantages are mobilized and increase accountability. Therefore:</p> <ol style="list-style-type: none"> <li>a. IFAD will give particular attention to enhancing its partnerships and building new collaborations with national and international institutions concerned with agricultural and rural development in DPRK, such as MoA, NAAS, Ministry of Land and Environment Protection</li> </ol>	<p>The Government fully agrees with the recommendation and its sub-recommendations.</p>	<p>IFAD fully agrees with the recommendation and its sub-recommendations.</p>

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<p>(MoLEP), FAO, WFP, Swiss Development Cooperation, the European Commission and several international NGOs.</p> <p>b. The Government will actively encourage partnerships among national and international institutions. The coordinating role at the strategic level will be taken up by the Ministry of Foreign Affairs and at the technical/implementation level by the concerned line ministry.</p> <p>c. The Government will also promote information sharing between the PMU and project partners, all through the project cycle, with the aim of developing a transparent framework conducive to sound planning, implementation and monitoring. Information sharing will be done using various media such as county- and province-level technical workshops and training, workshops and seminars at the line Ministry, radio and television, publications. It is essential that project teams be granted permanent access to international phone, fax and e-mail.</p> <p>d. Project partnerships, including co-financing arrangements, will be formally established with a clear distribution of responsibilities among partners, as early as possible in the project design process. Coordination mechanisms among partners will also be clearly specified.</p>		
<p><b><u>Recommendation 3: Sustainability</u></b></p> <p>Environmental, technical and economical sustainability of rural development efforts and achievements will be given greater attention in project design and implementation. In particular:</p> <p>a. Environmental components in IFAD projects will focus not only on reforestation and protection of sloping lands, but also on their sustainable and profitable use and management. An important part of the rural poor today live outside the CFs. Their uncontrolled cultivation of sloping lands constitutes an important threat to the environment and agricultural production in CFs. IFAD and its partners should investigate ways to support this population group early on to develop</p> <p><b><u>Recommendation 3: Sustainability (continued)</u></b></p> <p>sustainable agricultural production systems. The Government will consider the formal allocation of plots on sloping land to CF members and others, and provide advice on measures to avoid land degradation.</p>	<p>The Government partially agrees with the recommendation.</p> <p>Not agreed.</p> <p>The cultivation of sloping lands (over 15% slope) in DPRK goes against government policy. Sloping land cultivation had been triggered by continuous floods during the 1990s. As sloping lands are property of the State, MoLEP now assumes the responsibility to convert the sloping lands into forest.</p> <p>During recent years, reforestation of cultivated sloping lands has been performed on a large scale thanks to energetic planting of advantageous tree species on sloping lands under due attention of the Government and in cooperation with several international organizations. The people whose food security</p>	<p>IFAD fully agrees with the recommendation and its sub-recommendations.</p> <p>Although the ongoing reforestation of sloping lands will contribute to resolve the environmental issue, it is important to take into account that, currently, food production in DPRK does not fully meet the country's needs. Therefore, IFAD suggests, where appropriate, to plant shrubs and trees on sloping lands that contribute to food production (fruit, fodder, green manure etc.).</p>

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<p>b. The Government will consider the challenges of working the land and maintaining soil fertility in a context of very limited access to imported inputs, machinery and energy, as an opportunity for designing and developing new alternative measures. A sub-work team, by average size, composition and land holding, could be perceived as a group of small producers. Properly organized and endowed with adequate autonomy and incentives, sub-work teams could evolve into highly motivated crop and livestock production groups, within cooperative farm structures. The latter would then assume the functions of credit providers and technical advisers to those independent producers' groups.</p> <p>c. Several technical options to increase and maintain soil fertility on CF and sloping lands will be further explored by field trials and, if found adequate, validated and agreed upon as best practices and disseminated widely for generalization. Those options include: the introduction of fodder crops in crop rotations, allowing for the growth of cattle herds that provide manure for soil fertilization and animal traction power; liming of adequate quantities to reduce soil acidity which is a major limiting factor for agricultural productivity; and intercropping and conservation farming practices. This sub-recommendation will be initiated with the support of an IFAD grant, complemented by technical assistance from national and international rural development partners.</p>	<p>currently depends on the cultivation of sloping lands, are provided access to enough food by the government in case the land they are cultivating is converted into forest.</p> <p>Agreed.</p> <p>Agreed.</p>	

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<p><b><u>Recommendation 4: Household credit</u></b></p> <p>Considering its performance and important impact on income, food security and empowerment of rural households, the household credit scheme will be scaled up to other CFs in the country, possibly with the support of a new IFAD intervention. However, challenges regarding technical and market risks and limited opportunities for reinvestment of additional income need to be addressed. It is necessary that:</p> <p>a. Loans be used to promote innovation and diversification of household-level activities. The expansion of credit activities, which could be achieved by an increase in individual loan ceilings, requires greater opportunities to develop individual economic activities (e.g. permitted area of individual crops per household, number and type of animals bred, small scale agro-processing);</p>	<p>The Government partially agrees with the recommendation.</p> <p>The following reformulation is requested by the Government:</p> <p>a. Loans be used to promote innovation and diversification of household-level activities in accordance with Government policies. The expansion of credit activities, which will be achieved by an increase in the individual loan ceilings within the scope permitted by Government policy (up to 20% increase), requires new opportunities that are well suited to the real conditions in which the households in the CFs carry out their individual economic activities (e.g. diversification of type and increase of number of livestock bred in accordance with the Government Livestock Policy, small scale agro-processing);</p> <p>Justification provided:</p> <ul style="list-style-type: none"> <li>• The Household credit component of UFSP was quite successful with its individual allocation amount set at KPW10,000 (approx. USD70), so that it is of our opinion that further increase of the loan ceiling within the range of 20% is preferable.</li> <li>• Regarding the recommendation that more opportunity in economic activity should be provided, the</li> </ul>	<p>IFAD fully agrees with the recommendation and its sub-recommendations.</p> <p>A 20% increase of individual loan ceilings appears too low to significantly expand benefits to households and agricultural production from the credit scheme. A more significant increase of the loan ceiling would be appropriate, provided more opportunities are granted to CF households to develop individual economic activities, so that households can reinvest the additional income generated by loan-financed activities in a productive way.</p>

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<p><b><u>Recommendation 4: Household credit (continued)</u></b></p> <p>b. Savings be promoted. The Central Bank (CB) will ensure that the value of savings is safeguarded against economic measures such as administered price increases;</p> <p>c. The concomitant lending for productive activities to CFs, either through work teams or sub-work teams, remain an option, which may have significant potential for synergy with household economic activities. Economic analysis will be used to determine the appropriate level of investment and activity;</p> <p>d. Credit to CFs and households be accompanied by sound technical, managerial and marketing advice; and</p> <p>e. The reporting system of CB towards the PMU and project partners be improved, and the bookkeeping system at farm level standardized.</p>	<p>government had already provided 100 square meters of private plots for each household, considering individual demand and our country's arable land area. Therefore, under the current situation of limited arable land area, bigger private plots would pose a challenge.</p> <ul style="list-style-type: none"> <li>• We believe that previous IFAD missions had ample opportunities to verify that diversification of species and increasing number of livestock animals kept by households, including herbivores, had been enthusiastically promoted by the Government livestock policy, providing enough breeze to household livestock activities.</li> <li>• About small scale agro-processing, it is our understanding that virtually all households in the project area have, for a long time already, been processing agro-products such as soy beans and potatoes, contributing to improving daily diet and generating income.</li> </ul> <p>Agreed.</p> <p>Agreed.</p> <p>Agreed.</p> <p>Agreed.</p>	