

Project Completion Report Validation

Sustainable Natural Resource Management and Productivity Enhancement Project (SNRMPEP)

Lao People's Democratic Republic

Date of validation by IOE: January 2018

I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Asia and the Pacific	Total project costs	36.77		37.47	
Country	Lao People's Democratic Republic	IFAD loan (and grant) and percentage of total	15.0	41%	15.0	40.0%
Loan/grant number	DSF-8025-LA/ ADB Grant 0144-LAO	Borrower	1.77	5%	1.77	4.7%
Type of project (subsector)	Natural Resources Management	Cofinancier 1: Asian Development Bank	20.0	54%	20.0	53.5%
Financing type	0% Loan 100% Grant	Cofinancier 2: Special Grant Fund (TA-JSF/ TA 7241-LAO) ¹			0.7	1.9%
Lending terms*	HC/ DSF grant	Cofinancier 3				
Date of approval	17 Dec 2008/ AsDB 23 Feb 2009	Cofinancier 4				
Date of grant signature	18 Feb 2009/ AsDB 23 Mar 2009	Beneficiaries				
Date of effectiveness	23 July 2009/ AsDB 8 Sept 2009	Other sources				
Loan amendments		Number of beneficiaries	11,250-15,000 HH direct		20,567 HH direct 88,871 indirect	
Loan closure extensions						
Country programme managers	A. Toda (2006-10) S. Dina (2010-16) H. Pedersen (2016) B. Thierry (2016) T. Rath (2017)	Loan closing date	31 Mar 2017/ AsDB 31 Dec 2015			
Regional director(s)	T. Elhaut H. Kim	Mid-term review			30 Nov 2012 – 9 Jan 2013	
Project completion report reviewer	Chitra Deshpande	IFAD loan disbursement ² at project completion (%)			100.5% / 99.7% AsDB	
Project completion report quality control panel	Fumiko Nakai Fabrizio Felloni	Date of the project completion report			30 Dec 2015	

Source: President's Report 2008, Project Status Report 2015, Project Completion Report (PCR) 2015.

¹ This Technical Assistance was considered outside the project costs and was used to support the Post-project sustainability plan.

II. Project outline

1. **Introduction.** The Sustainable Natural Resource Management and Productivity Enhancement Project (SNRMPEP) aimed for more efficient and sustainable natural resources management and improved agricultural productivity through enhanced institutional capacity at the provincial and national levels of the Lao People's Democratic Republic (Lao PDR).
2. IFAD's board approved the project on 17 December 2008 (Asian Development Bank [AsDB] on 23 February 2009). The IFAD grant agreement was signed on 18 February 2009³ (AsDB on 23 March 2009) and entered into force on 23 July 2009 (AsDB on 8 September 2009) for a period of seven years with an original completion date of 30 September 2016 (31 December 2015 set as completion/closing date for AsDB) and closing date of 31 March 2017. For IFAD, the project completed nine months earlier on 31 December 2015 (original closing date of AsDB) and the loan closed on 31 March 2017.
3. The Lao PDR had seen a major increase in foreign direct investment, which resulted in unprecedented demand for agricultural and forest land. The livelihoods of local people had been adversely affected by land speculation, which encouraged the granting of land concessions without adequate analysis of land capability and economic impact, within a weak regulatory and enforcement framework. This situation also compromised the Government's ability to preserve the country's rich and diverse forest resources. The Government also recognized the need to address the low productivity of existing arable land (an area limited by mountainous topography), undeveloped water resources and limited market access. Agricultural productivity in terms of average agricultural value-added per worker⁴ has been low by the standards of the Association of Southeast Asian Nations, and the recent national self-sufficiency in rice could only be maintained if the Government continued to improve agricultural productivity. Pockets of food insecurity were common, especially in areas where the road network was underdevelopment. Donor- and government-funded rural development initiatives were often piecemeal with benefits falling short of expectations at project end. Supplementary support was needed to promote the Government's overall sector development objectives and enable agency staff to manage the development process. Lao PDR at the time of design received financial assistance from World Bank, AsDB and IFAD under the Debt initiative for Heavily Indebted Poor countries and in the form of grants with the Debt Sustainability Framework.
4. **Project area.** The project was, in part, a national operation on capacity development, lessons-learning and policy implementation in the Agriculture and Natural Resources (ANR) sector. The project was also implemented in the five southern provinces of Savannakhet, Saravan, Sekong, Champassak, and Attapeu covering 58,200 km² with 40 districts, of which 19 are considered priority poor. The five provinces include 2,261 villages and 343,866 households (HHs) with over 38 per cent considered to be "poor". The incidence of poverty in participating provinces varies from 42 per cent in Savannakhet to only 5 per cent and 7 per cent in Sekong and Attapeu, respectively. The provinces with the greatest number of poor and highest percentage of poor are in Savannakhet and Champassak. A further dimension of poverty relates to the predominance of ethnic groups within the target area. Approximately half of the population in the five provinces is comprised of indigenous peoples known in Lao PDR as ethnic groups, amongst whom poverty is higher than in lowland Lao communities.
5. National activities have integrated capacity building in the Ministry of Agriculture and Forestry (MAF) and policy development areas identified during implementation.

³ Project Status Report 2016 provides this date, while AsDB's final supervision report states 8 July 2009.

⁴ In 2010, average agricultural value added per worker (expressed in 2005 US\$ prices) in Lao PDR was US\$483, lower than in Cambodia (US\$500), Indonesia (US\$910) and Thailand (US\$977) (World Bank, World Development Indicators).

Provincial activities involved capacity building by participant agencies at provincial, district and village cluster levels, along with the implementation of subprojects to improve agricultural productivity and access to regional markets, as well as protect Lao PDR's biodiversity and environment.

6. **Project impact, outcome and components.** The impact the project aimed to achieve was more efficient and sustainable natural resource management and higher sector productivity. The expected project outcome was enhanced institutional capacity at provincial and national levels to manage natural resource utilization in a sustainable manner resulting in poverty reduction and enhanced market linkages.
7. The project had three components: (i) capacity-building for agriculture and natural resource sector management; (ii) investment in resource management and productivity enhancement;⁵ and (iii) project management.
8. **Component 1 – Capacity-building for agriculture and natural resource sector management** aimed to strengthen national and provincial government capabilities to make informed decisions about investment in the sector (public, private and from foreign direct investment to maximize their financial and economic benefit. Capacity-building initiatives specifically related to: (i) land suitability assessment and participatory land use mapping; (ii) compliance with AsDB's social, environmental and gender development safeguards; (iii) investment appraisal; (iv) producer association sustainability; and (v) policy development.
9. **Component 2 – Investment in resource management and productivity enhancement** aimed to contribute to meeting the Government's overall objectives of ANR sector, namely, food security, poverty reduction, sector transition (intensification, diversification, value-addition) and rural commercialization, and sustainability of natural resource utilization. Small- and medium-sized subprojects identified for project financing would replicate or expand previously-implemented development initiatives in similar agro-ecological zones to extend the benefits to local communities. While food security and poverty reduction were the focus in the upland areas, in the lowlands the strategy was to develop commodity value chains across food and non-crops to promote integration with regional markets and enhance smallholder participation in them. Applying the strengthened capacities developed in component 1, decision making agencies would identify, prioritise and appraise these investments.
10. **Component 3 – Project management** provided the technical support and resources to establish and operate a management structure at both national and provincial levels. At national level, under a National Project Steering Committee, a Project Management Office was established with MAF's Department of Planning and Cooperation, headed by a part-time national project director and full-time national project manager, implementation officer, procurement and monitoring and evaluation officers, to provide operational resources, as well as international and national training expertise. The Provincial Project Offices provided incremental national staff to support project management, as well as screen and select subprojects.
11. **Target groups.** Villages in the districts classified to be "priority poor" have poverty levels as high as 60 per cent in poor areas and 80 per cent in remote areas. Pro-poor targeting was included primarily in the criteria for sub-project selection with two main target groups: (i) poor farming HHs in lowlands typified by an absence of market opportunities, limited marketing surpluses, and lack of secure land tenure; and (ii) poor farmers in upland areas (mostly ethnic minority communities practicing shift cultivation) whose livelihoods are threatened by insecure land

⁵ IFAD President's Report refers to this component as "implementation of agricultural productivity and commercialization subprojects." However, all other project documents refer to the component as presented above.

tenure, limited agricultural land, little awareness of rights related to the forest, and lack of access to markets, and low levels of literacy. The subprojects would use established criteria and more detailed criteria (as presented in paragraph 28 under relevance) to identify appropriate beneficiaries with attention to gender issues and indigenous peoples' concerns. In accordance with IFAD Policy on Targeting, subprojects aimed specifically at rural poverty reduction would receive a higher weightage and the number of target group HHs reached would be one of the ranking criteria applied in prioritizing subprojects. Poor farmers would be encouraged to join farmer organizations and producer associations. Capacity building at farmer level would set targets for women's involvement and monitoring. Project documents presented different figures for the targeted number of beneficiaries from 11,250-15,000 HHs⁶ to 56,000 HHs⁷ in 1,044 villages, not specifying whether they are direct or indirect beneficiaries.

12. **Financing.** AsDB, IFAD, and the Government of Lao PDR would finance the project for an expected total amount of US\$36.8 million. Total project expenditure at closure was US\$36.8 million. Table 1 summarizes project costs by each financier. Table 2 shows the respective allocation of funds and expenditure of project components.

Table 1
Project costs

<i>Funding sources</i>	<i>Estimated amount (m USD)</i>	<i>Estimated amount (% of total)</i>	<i>Expenditure (m USD)</i>	<i>Expenditure (% of total)</i>	<i>Disbursement rate (%)</i>
IFAD	15	40.0	15.08	41	100.5
AsDB	20	53.5	19.93	54	99.7 ⁸
Government	1.77	4.7	1.77	5	99.5
TOTAL	36.77		36.78		

Source: President's Report 2008, PCR 2015.

Table 2
Component costs

<i>Components</i>	<i>Estimated amount (m USD)</i>	<i>Estimated amount (% of total)</i>	<i>Expenditure (m USD)</i>	<i>Expenditure (% of total)</i>	<i>Disbursement rate</i>
Capacity Building in Sector Management	9.7	26%	9.1	25%	100%
Agricultural Productivity and Commercialization Subprojects	18.1	49%	21.3	58%	117%
Project Management	6.3	17%	6.4	17%	101%
Contingencies	2.7	7%		0%	0%
TOTAL	36.8		36.8		

Source: Design document 2008 (estimation), PCR 2015 (effective) and IOE analysis.

13. **Project implementation.** The project experienced start-up delays, including an effectiveness lag of 7.3 months, resulting in the project only beginning implementation in January 2010, one year after board approval. Additional delays in implementing component 2 were due to difficulties faced in preparing the subprojects. Despite these delays, the actual project duration was 73 and 71

⁶ QA Review of Project Design Report for SNRMPEP (2008) provides this figure and no figure is provided in the AsDB President's Report.

⁷ Aide Memoire, Review mission, 10-17 February 2014.

⁸ Project Status Report (4/2016) states the disbursement rate for IFAD was 98 per cent and AsDB 100 per cent which differs from the PCR 2015 figures in table.

months against a planned period of 75 months, based on AsDB and IFAD's respective entry-into-force dates.

14. Fund flow was slow at the beginning of the project, especially for the IFAD grant, as there were major project expenditures under the subproject implementation which started in 2011 and was primarily financed by IFAD. Delays in the subproject preparation also contributed to the slow utilization of grant funds in the first two years. The selection of eligible subprojects was a major challenge for Executing Agency since SNRMPEP was the first project in Lao PDR in which all field activities linked with the subprojects. The subproject approach was to reinforce the objectives of the Vientiane Declaration to support the Provinces and Districts for decentralization and community-driven planning and implementation. Subproject owners⁹ also faced difficulties in preparation of activity proposals and in following AsDB's procurement procedures.
15. Due to savings related to consultants and special studies under component 1, budget was reallocated to investments in subprojects allowing the project to provide additional support to farmers for the commercialization of agriculture.

Intervention logic. SNRMPEP aimed to strengthen the capacity of government institutions in order to sustainably manage natural resources and promote increased agricultural productivity in light of unprecedented demand for agricultural and forest land resulting from a major increase in foreign direct investment. Proper land management was considered essential to both increase agricultural productivity and ensure the sustainability of natural resources. Increased agricultural productivity accompanied by commercialization was assumed to result in increased incomes and food security for smallholder farmers. To achieve its stated dual impact of more efficient and sustainable natural resources management and improved agricultural productivity, the project pursued a two-pronged approach involving capacity development and investment subprojects. Regarding capacity development, the project would strengthen the capacity of line agencies in conducting assessments of investment proposals, monitor and enforce approved investments' compliance with legal conditions without degrading natural resources. Sustainably managing resources required, inter alia, land suitability assessment, classification, zoning and demarcation of categories of forest and agricultural land. This would entail creating the institutions and systems required for land management and providing the provincial level institutions the necessary capacity and training in screening and appraisal techniques, including economic feasibility, and social and environmental safeguards. The agricultural and environmental investments pursued in the second component through subprojects, provided an opportunity for the line agencies to practice their new capacities by screening the proposed subprojects based on land use and economic assessments. The subproject investments themselves would allow for direct impact in ANR sector in terms of agricultural commercialization and productivity, natural resources protection and food security.

16. **Delivery of outputs.** This section indicates the delivery of outputs of the project per component.
17. **Component 1 – Capacity-building for agriculture and natural resource sector management.** The project supported five key areas for capacity building in ANR sector management under which the key outputs achieved are summarized.
18. Land suitability assessment and participatory land use mapping. The project supported establishment of the Central Resource Mapping Facility at the national level under the National Agriculture and Forestry Research Institute where the project Geographic Information System (GIS) unit was located. Land Use Planning

⁹ Include rural businesses/community partnerships (e.g. contract farming or out grower based proposals) rural communities, NGOs supporting rural communities, Government line agencies active in rural affairs, existing rural development projects (or a combination of some of these).

units and provincial resources mapping facilities have been setup under the Provincial Agriculture and Forestry Offices (PAFO) in each of the five provinces, provided equipment and GIS software, and staff members trained. A total of 97 training sessions were held for GIS and Land Use Planning in which 1,385 staff were trained of which 197 were women. The Project procured digital orthophotographs covering the five project provinces and developed the GIS website used for the preparation of land suitability and land-use maps at district and subproject levels. District Land Suitability Plans have been completed in 42 districts and village land use planning in 254 villages under 40 subprojects. A total of 5,238 land use certificates have been issued to farmers and now Government has adopted issuance of land use certificates as a priority programme and issued notification to issue 100,000 in the following year.

19. Compliance to AsDB safeguards. The project focused on compliance with AsDB environmental and social safeguards and gender mainstreaming during implementation for which 61 trainings were organized, in which 1,066 staff participated, of which 134 were women. In line with the Gender Action Plan (GAP), the project ensured women's participation in production groups' leadership, in training and study tours, issuing of land certificates in both the names of the husband and wife. More detailed outputs are summarized under the gender equality criteria. Overall, there was no major negative environmental impact and except for two HHs in Savanakheth, no farmer lost more than 5 per cent of their total land. An Ethnic Group Development Plan was also prepared as 50 per cent of the subprojects funded under component 2 were implemented in Ethnic Groups communities.
20. Capacity building of producer association sustainability. The project established 749 production groups and organized 611 training sessions, during which 25,950 production group members were trained, of which 10,151 were women.
21. Policy development. Based on lessons learnt from implementing the subprojects, SNRMPEP identified areas for policy dialogue with government and produced five policy papers related to Lao agricultural development strategy 2011-2015, policy support system for smallholders, farmers' land certificate issuance, commercialization and meeting World Trade Organization food safety requirements, and the concept for Public-Private-Community Partnership. As a result, the project convinced the Government to suspend land concession for rubber and eucalyptus until 2015 and awarded land concessions based on proper appraisal of investment proposals and the economic internal rate of return (EIRR); Government decided to issue 100,000 land certificates in 2015-16; and 37 Public-Private-Community Partnership (PPCP) agreements for commercialization of agriculture with smallholder farmers were signed.
22. **Component 2 – Investment in resource management and productivity enhancement.** The project supported implementation of 71 subprojects, more than the targeted 50, of which 33 subprojects were under commercialization of agriculture, 30 for poverty reduction and eight for natural resource management. The subprojects were classified into nine groups: (i) promotion of service providers for small livestock raising; (ii) establishment of sustainable livestock health management systems; (iii) integrated livestock-based mixed farming system; (iv) integrated rice-based farming system; (v) sustainable upland agriculture development; (vi) promotion of organic coffee value chain; (vii) natural resource management; (viii) organic vegetable cultivation and value chain development; (ix) cash crop promotion. Subproject implementation directly benefited 20,567 HHs in 516 villages of which 1,791 are female-headed HHs. An additional 88,871 HHs benefited in 1,288 villages through coverage under the livestock vaccination program.

23. **Component 3 – Project management.** The project management structure included a national project Steering Committee, National project Coordination Office, National Technical Review Committee, Central Resource Mapping Facilities and Appraisal Unit at central level and Provincial Project Steering Committees, Provincial Technical Review Committees, Provincial Project Offices, Provincial Resource Mapping Facilities at provincial level. The District Agriculture and Forestry office assigned three staff for each subproject.

III. Review of findings

24. Findings below are based mainly on the PCR, which was triangulated against other project documentation available (the Country Strategic Opportunities Programme [COSOP], the project design documents, Mid-Term Review (MTR), and supervision reports).

A. Core criteria

Relevance

25. SNRMPEP outcome and components are consistent with the IFAD's 2005 Lao PDR COSOP to support the Government in implementing the National Growth and Poverty Eradication Strategy, particularly to increase agricultural production and food supply in the poorest districts and eliminate upland shifting cultivation practices and increase forest cover. It is especially relevant to the 2011 Lao PDR results-based COSOP's main objectives to improve: (i) community-based access to and management of land and natural resources; (ii) access to advisory services and inputs for sustainable, adaptive and integrated farming systems; and (iii) access to markets for selected products. SNRMPEP components are also directly aligned with the cross-cutting issues common to the three objectives, namely capacity-building of government, beneficiaries and service providers; engagement with ethnic groups and women as partners in production; and formation of farmer and producer groups.
26. SNRMPEP was aligned with national priorities, in particular to the seventh National Socio-Economic Development plan (2011-2015) and contributed directly to macroeconomic targets, social and natural resource management and Environment targets. SNRMPEP contributed to the Food Production Program, Commodity Production Support Program, Stabilization of Slash-and-Burn Cultivation, promotion of Irrigation Schemes, Agriculture and Forestry Research Program and Human Resources Development Program. The project was also relevant to the National Environment Strategy of 2003-2020 "to sustainably utilize natural resources while reducing poverty and enhancing the quality of life and health of the Lao people."
27. In line with IFAD's Targeting Policy, the main target groups comprised poor farming HHs in lowland areas, characterized by lack of market opportunities, limited marketing surpluses and lack of secure land tenure. Another target group included poor farmers in upland areas whose livelihoods were threatened by lack of secure land tenure, limited land for agriculture, inadequate awareness of their rights, poor access to markets and low literacy levels. The project encouraged poor farmers to join farmers' organizations and producers' associations to enable them to partner with the private sector and increase their ability to negotiate with potential investors. A gender mainstreaming approach and indigenous peoples safeguards addressed the inclusion of women and ethnic communities in the project. This approach complied with AsDB social and environmental safeguards and the Long-term Strategic Framework of AsDB 2001-15 (later replaced by the Long term AsDB Strategy 2008-20), which prioritize assisting poor portions of communities, ethnic minorities, women, addressing poverty reduction, and improving the capacity of local institutions and the local Government staff using participatory bottom-up planning.

28. The project targeted poor villages and the beneficiary families for the project interventions by applying the poverty line criteria of the National Growth and Poverty Eradication Strategy. The selection of farmer HHs involved in target groups of the subprojects were screened through community meetings and selected based on the following criteria: (i) volunteer farmer; (ii) available labourers in the family; (iii) large area of land for paddy cultivation and land located near the irrigation canal; (iv) active famers.¹⁰ The variation in the number of direct beneficiary HHs between the IFAD Project Design Report of 11,250-15,000 HHs and the AsDB President's Report of 56,000 also indicates a lack of coherence between IFAD's targeting and AsDB's safeguard approaches to addressing the needs of poor rural HHs.
29. Despite the inconsistency in the targeting strategy, the expected project impact and outcome were well-aligned with national and IFAD objectives and efforts were made to reach a very poor target population, therefore, *the Project Completion Report Validation (PCRVR) rates relevance as satisfactory (5) in accordance with the Programme Management Department (PMD).*

Effectiveness

30. This section presents the effectiveness of the project in relation to the outcome planned at project design and considering the delivery of outputs presented in section II.
31. The expected project outcome was enhanced institutional capacity at provincial and national levels to manage natural resource utilization in a sustainable manner resulting in poverty reduction and enhanced market linkages. This outcome was to be achieved through the delivery of two outputs: i) capacity built in agriculture and natural resource sector management; and ii) investments in resource management and productivity enhancement completed. With regards to capacity building to manage natural resources, the project established institutional capacity and trained national and provincial staff for sustainable agricultural investment and natural resource management. The Appraisal unit was established in the Department of Planning and Cooperation of MAF and reviewed 259 land concessions covering an area of 288,000 hectares using the GIS website that was created to review land concessions. The Appraisal unit also analysed the EIRR for 71 subprojects and their social and environmental safeguards, categorizing three subprojects as B. The Central Resource Mapping Facilities produced land suitability and broad zoning maps for all 42 districts in the five targeted provinces. Producer groups were also trained in technical and management functions to make them sustainable and attractive to private sector investors. Of the 749 production groups involved in the 71 subprojects, 698 received training, 635 were functional and 531 were financially independent and started linking to the private sector. Finally, policy analysis was conducted resulting in five policy papers with some recommendations incorporated into the government policy relating to ANR. The Government further adopted the PPCP concept of SNRMPEP by official decree No 1791 dated 31 July 2015.
32. Poverty reduction and enhanced market linkages was to result from investments in resource management and productivity enhancement of output 2. The investments were made through subprojects related to commercialization of agriculture (33), poverty reduction (30) and natural resources management subprojects (8). Through the 71 subprojects, of which 67 had satisfactory performance, 20,567 HHs (above the targeted 11,125 HHs) in 516 villages were organized into producer groups and directly benefited from the project. An additional 88,871 HHs benefited in 1,288 villages through coverage under the livestock vaccination program.
33. The subprojects were classified into nine groups, of which the main results were derived from the first six groups, evidence of which is presented in the Impact

¹⁰ In the Indigenous People Safeguard section on page 39, the PCR notes that poor farmers were not satisfied with these requested conditions and that they could not be involved in the target groups.

section. Group 1 – “Promotion of service providers for small livestock raising” (seven subprojects) set up an entire small livestock and meat production value chain by establishing service providers to provide breeding stock to farmers’ production groups who were linked to small livestock traders. Group 2 – Establishment of Sustainable Livestock Health Management System (five subprojects) resulted in reduction of livestock diseases and reduced livestock mortality by establishing a vaccination systems. Group 3 – Integrated livestock-based mixed farming system (12 subprojects) introduced the concept of mass-scale cattle raising along with food crop plantation and resulted in increased incomes from cattle and compost sales. Group 4 – Integrated rice-based farming system (22 subprojects) introduced the concept of PPCP by linking farmer producer groups with rice millers and exporters. Farm mechanization and adequate provision of irrigation water increased rice yields. Group 5 – Sustainable Upland Agriculture Development (five subprojects) introduced intercropping with the Bong tree resulting in income initially from rice, cash crops and eventually bong bark. Group 6 – Promotion of organize coffee value chain improved the plant and soil management as well as post-harvest facilities to increase yields while the certified organic coffee brought a premium price. Groups 7 to 9, yielded economic benefits from the sale of bong, coffee, black pepper, organic vegetables and cash crops such as banana, sweet potato and peanut cultivation. Specifically under cash crop promotion, SNRMPEP supported improved cultivation of banana, sweet potato and peanut through technological improvement in coordination with ICRISAT (International Crops Research Institute for the Semi-Arid Tropics) resulting in the provision of improved varieties as per market requirement, the construction of market access roads and fair prices from traders to farmers. As a result, farmers earned higher incomes through the promotion of these cash crops.

34. Overall, the subprojects were economically viable with an average EIRR of 23 per cent, within the targeted range of 20 to 24 per cent. Some groups such as the Small Livestock, Livestock Health and Organic Vegetables groups had a large economic impact with EIRR between 30 and 62 percent. With regards to the reduced poverty outcome, HHs living under the poverty line of USD 1 per day Purchasing Power Parity in project target areas decreased by 33 per cent from 65 per cent in 2010 to 31 per cent in 2015. Poverty reduction among the majority Lao Loum was higher with a 27 per cent reduction than for ethnic communities that experienced a reduction of 18 per cent. However, as no control group was used for the impact surveys, these reductions cannot be completely attributed to the project.
35. Therefore, the PCRV rates *effectiveness as satisfactory (4)* in accordance with PMD.

Efficiency

36. The actual project expenditure was US\$36.78 million compared to the estimated programme expenditure at design of US\$36.77 million. The project used 100.02 per cent of the estimated budget at design with the following disbursements: 99.7 per cent for the AsDB, 100.5 per cent¹¹ for IFAD, and 99.5 per cent for the Government of Laos. The project costs were effectively the same as planned at US\$6.4 million, representing 17 per cent of total costs.
37. In the first two years of the project, there were delays in fund flow for both the AsDB and IFAD grants due to the long time required to mobilize and train project staff and delays in the subproject preparation. Project implementation started from January 2010, while subproject implementation began in earnest in 2012 (six months later than envisaged in the project implementation schedule). While six months was considered an acceptable delay for the complexity of the component, progress in contracting awards at the provincial level for component 2 were modest

¹¹ The increase in the IFAD contribution was due to the exchange rate, as the AsDB managed the funds in US Dollars but the IFAD grant was in SDR.

reaching between 26 and 34 per cent of the budget by MTR. The dispersed nature of the 71 subprojects spread over 42 districts of five provinces contributed to delays in component 2 and made project supervision difficult, especially given poor road connectivity. Utilization of the IFAD grant was especially slow in the beginning because it was used to finance the subprojects and capacity building of production groups and water user associations. Despite these delays, the project completed as scheduled based on the AsDB grant and nine months earlier than the original IFAD completion date (30 September 2016).

38. Regarding the project components, the funds were reallocated twice; the first time, due to savings from consultants and special studies, and the second time, to fix double counting due to a system error. Against the second allocation, the capacity building component had a disbursement rate of 99 per cent, the investment component of 91 per cent, and the project management of 99 per cent. The execution rate of work plan and budgets was slow in the first two years but improved steadily in the course of the project and accelerated in 2012-13 (it was, respectively, 67 per cent, 77 per cent, 85 per cent, 90 per cent and 96 per cent between 2009 and 2014).
39. The economic internal rates of return for the subprojects were estimated to be more than 12 per cent, ranging from 20 to 24 per cent at project design stage, and reached 23 per cent overall, ranging from 12 to 106 per cent, at the project completion stage, according to PCR. Some subprojects had high economic impacts such as small livestock, livestock health and organic vegetables with EIRR between 30 and 60 per cent. These results support further pursuing this approach by AsDB, IFAD and MAF.
40. The planned number of beneficiaries differs between the AsDB and IFAD design documents. IFAD presents a range of 11,250 to 15,000 HHs while AsDB presents 56,000 HHs.¹² Taking into consideration the IFAD planned beneficiaries, the cost per beneficiary (direct) decreased by 27-45 per cent between design stage and the effective cost of the programme (US\$2,451-3,268 at design and US\$1,788 at completion per HH), explained by the unchanged cost of the project and the higher number of beneficiaries than estimated (20,567 HHs instead of 11,250-15,000 HHs).
41. The initial project duration for IFAD was seven years. Despite a 7-month effectiveness lag, delays at start-up and in implementing the second component, the project completed on time for AsDB and nine months earlier than the IFAD completion date having disbursed all the funds and completing the activities with an average EIRR of 23 per cent, within the estimated range of 20-24 per cent at design. Therefore, the PCRV rates *efficiency as satisfactory* (5) one point more than PMD.

Rural poverty impact

42. Rural poverty impact is assessed based on PCR data, as well as results from a baseline survey conducted in 2010 and an impact assessment survey conducted from June to July 2015.
43. **Household income and assets.** The PCR states that the project contributed significantly to the Government of Laos effort to eradicate poverty, based on the impact survey results regarding the targeted beneficiaries. HHs living under the poverty line of USD 1 per day PPP in project target areas decreased significantly by 33 per cent from 65 per cent in 2010 to 31 per cent in 2015. The percentage of ethnic HHs living under the poverty line decreased by 18 per cent from 36.9 per cent in 2010 to 19 per cent. In comparison, poverty among the majority Lao Loum decreased by 27 per cent from 39 per cent prevalence in 2010 to 12 percent. Before project, the poverty incidence was 70-90 per cent in the 14 ethnic villages

¹² It is not clear if these are direct or indirect beneficiaries.

surveyed located in the poorest districts of Lao PDR. The average annual HH incomes increased significantly by 55 per cent and average incomes of the Lao Loum increased by 34 per cent. The average income of women headed-HHs increased by 27 per cent, which was less than the average. Increased incomes led to increases in the average HH expenditure by 75 per cent, 50 per cent for Lao Loum, and 87 per cent for ethnic groups. From 2010 to 2014, expenditure increased for the following: animal feed (110 per cent), herbicide (83 per cent), fertilizers (41 per cent), food (46 per cent), health and education both (41 per cent). While comparison may be made between the majority Lao Loum, ethnic groups, and women-headed HHs, the PCR does not present the impact survey results for a comparison group, therefore it is difficult to attribute these changes solely to the project and exclude external factors, particularly given the overall positive trend in GNI per capita which rose steeply from \$US890 to US\$2000 between 2009 and 2015.

44. The improved incomes and expenditures of ethnic communities may have resulted from the change in agricultural practices from slash-and-burn and subsistence farming to commercialized farming. The commercialization of small livestock with economically viable models through the establishment of service providers for chicks, ducklings, piglets, etc. provided smallholders direct access to livestock. Production groups established by the project were also provided revolving funds which are being used for income generation activities and benefiting all target HHs, including indigenous people.
45. **Agricultural productivity and food security.** The PCR claims improvement in agricultural productivity with significant increases in total rice production (75 per cent). According to the impact survey, 75 per cent of HHs declared an increase in rice production and total rice production per head per annum rose from 205 kg in 2010 to 535 kg in 2015. The project may have contributed to increases by introducing improved rice cultivation techniques and rice varieties, as the farmers indicated erratic weather conditions. The project targeted an increase in ANR sector production and value-added of 35 per cent; the PCR identified some achievements towards this target. The average rice productivity in rainy season paddy rice increased by 69 per cent and the dry season, by 29 per cent. Coffee areas increased by 24 per cent with coffee production increasing by 9 per cent (though new areas are not yet productive), sedentary crops areas increased by 31 per cent which is important to sustain the suspension of shifting cultivation. In addition, a major decrease in livestock mortality attributable to the project was recorded impacting in particular the number of goats which increased 87 per cent.
46. Regarding food security, the situation also improved. Village authorities reported the following rice sufficiency status for village HHs: 17 per cent have a rice surplus, 68 per cent are sufficient (4 per cent increase), and 17 per cent had a rice shortage (5 per cent decrease). The average chronic malnutrition rate of children (height for age) below 2X score was 36 per cent (38 per cent for boys and 34 per cent for girls). This was lower than UNICEF nationwide survey figures of 48 per cent in 2006 and 44 per cent in 2011 and close to the Millennium Development Goal target of 35 per cent. The average underweight children was 20 per cent (19 per cent for boys and 20 per cent for girls) compared to UNICEF Nationwide survey figures of 31 per cent in 2006 and 27 per cent in 2011. The average acute malnutrition for children is 7 per cent (6.5 per cent for boys and 7.5 per cent for girls). Acute malnutrition reportedly has been reduced from 9 per cent to 7 per cent, chronic malnutrition from 48 per cent to 36 per cent and underweight children from 43 per cent to 20 per cent. Given the national comparisons, the project likely contributed to the reduction in malnutrition in addition to other exogenous factors, as there is no control group to confirm attribution.
47. **Human and social capital, empowerment.** The surveys do not directly address the impact of the project on human and social capital. The only outcome evidence

regarding this criterion presented are related to educational indicators,¹³ which are not necessarily attributable to the project as there were no educational activities targeting the youth. In addition, improvement in women's status occurred with 73 per cent of women surveyed stating that they have better status in the family. The participation of women in the village administration increased four-fold between 2010 and 2015 and domestic violence decreased 41 per cent. Of the 749 producer groups formed, the capacity of 698 groups were plausibly enhanced through trainings. The financial independence and sustainability of 531 groups that received revolving funds also indicates enhanced capabilities from group development.

48. **Institutions and policies.** The project successfully institutionalized land use planning within the Government of Laos by creating a department at national level and a GIS division at provincial level. At national, provincial and district levels, 400 government staff were trained on subproject formulation, planning implementation and monitoring and evaluation for agriculture production activities.
49. Policy dialogue had a positive impact according to the PCR. Policy analysis recommendations were included in the agriculture development strategy 2025 and Vision 2030. Policy dialogue based on five policy papers drawing on the project experience has resulted in more transparent appraisal for investment in the ANR sector, the suspension until 2015 of land concessions for eucalyptus and rubber, and the issuance of land certificates to farmers becoming a priority public program. Finally, the Government of Laos adopted the PPCP concept from SNRMPEP by issuing official decree No. 1791 on 31 July 2015.
50. The project appears to have had positive effects on HH assets and agricultural productivity; and to a lesser extent on empowerment of beneficiaries and institutions and policies. However, given Laos experienced incredible economic growth between 2009 and 2015 with GDP rising steeply from US\$5.8 to US\$14.4 billion, GNI per capita increasing 124 per cent, and foreign direct investment increasing from US\$17 million to US\$1.4 billion, it is difficult to attribute the improvements solely to the project as these and other exogenous factors (e.g., weather, income from remittances, etc.) are likely to have contributed to the changes. Project attribution would have been strengthened if information on a comparison group was presented such as from a RIMS+ or Annual Outcome Survey which were strongly propagated by the Asia and the Pacific Region Division¹⁴ during the period in which the project was implemented. Therefore, *the PCR rates rural poverty impact as moderately satisfactory (4) one point below PMD.*

Sustainability of benefits

51. The sustainability of benefits was supported by a Post Project Sustainability Plan prepared in December 2014 and Technical Assistance. The Government of Laos has shown ownership for SNRMPEP by maintaining the project management structure at national, provincial and district levels and providing the necessary budget to continue project management activities after the conclusion of donor assistance. Finally, Technical Assistance of US\$700,000, apart from the project costs, was provided to enhance the sustainability and lessons learning of the project.
52. At project completion, 94 per cent of 71 subprojects were considered satisfactory with good sustainability and 71 per cent of the 749 production groups formed are financially independent. The legal status of production groups was secured by registering them at the district and provincial levels. The 37 PPCP Agreements are all being implemented independently by the private sector and production groups,

¹³ Target villages experienced significant improvements in educational levels. Enrolment of female (74 per cent) and male (84 per cent) students increased and dropout rates decreased by 55 per cent for girls and 52 per cent for boys compared to 2010. The number of female (87 per cent) and male (83 per cent) students attending high school also increased.

¹⁴ See the Asia and the Pacific Region's Annual Portfolio Performance Reports from 2011, 2012 and 2013.

as project assistance was only provided at the start. The production activities are sustainable given the average 23 per cent EIRR indicating their profitability.

53. The supervision report from February 2015 indicated the need for proper operation and maintenance for irrigation facilities and agricultural equipment and processing machines to make subprojects sustainable. The PCR indicates that operation and maintenance of farm equipment and machineries is routinely provided and monitored by district authorities. Production groups were also trained to collect fees to cover the maintenance of the machines and infrastructure, including depreciation and for replacement. Established Water Users Groups have also been trained in the operation and maintenance for the 43 irrigation schemes
54. To further sustain the benefits of the project, a number of actions were taken. For the sustainability of land use suitability planning, a Central Resource Mapping Facilities was established as a separate Department of Land Development and Management. This department has taken over the project-supported activities and the GIS website for upgrading and operation. The Land Use Planning and GIS units established at provincial level have merged into the division of planning of PAFO and the national and provincial staff are now government staff for conducting resource mapping, land suitability planning and land use planning. The appraisal unit for investment has been merged into the Division of Investment and Agriculture Business and its staff are now regular permanent government staff. The revolving fund management received technical assistance in 2014 and guidelines and lessons learnt were produced. Finally, the formal hand over of the subprojects to the production groups and local authorities was prepared properly (registration, official documentation, accounts) for all subprojects in the last year of the project along with the comprehensive Post-project sustainability plan to provincial and district authorities.
55. Therefore, *the PCR rates sustainability of benefits as satisfactory (5)*, the same as PMD rating.

B. Other performance criteria

Innovation

56. SNRMPEP introduced innovations relating to each component. Overall, it was the first project in Lao PDR to apply the government policy on decentralization by providing capacity development in ANR management at national, provincial and district levels. The devolution of responsibility for natural resources management to the provincial and district levels, with policy guidance provided at the national level was a significant innovation. The project also introduced a technological innovation by creating the GIS website <http://gis.snrmpep.gov.la/> for the use of agricultural projects and institutions to review land concessions and for agricultural production planning. Through the subprojects, SNRMPEP introduced PPCP approach to establish linkages of farmers' producer groups with the private sector. Also within the subprojects, SNRMPEP introduced innovations like wet direct seeded rice, dry direct seeded rice and the use of power weeders.
57. Therefore, in accordance with PMD, the PCR rates *Innovation as satisfactory (5)*.

Scaling up

58. The Government of Laos has taken concrete steps to scaling up the activities and results of SNRMPEP. The issuance of land certificates became a public priority program and was to be scaled up from the 5,238 completed under the project to 100,000 in 2015-16. The Lao government also adopted the PPCP concept of SNRMPEP by issuing an official decree No. 1791 on 31 July 2015.
59. Therefore, in accordance with PMD, the PCR rates *Scaling up as satisfactory (5)*.

Gender equality and women's empowerment

60. In line with AsDB policies and procedures, a GAP was implemented to ensure gender mainstreaming in the three components. The majority of GAP activities were implemented. Regarding capacity building for ANR management, women and female-headed HHs participated in the collection of data related to land use zoning; six policy documents integrated women's issues, 100 per cent of provincial and district staff participated in training, 49 per cent of study tour participants were women versus the targeted 85 per cent, and 87 per cent of land certificates were issued jointly in the name of the husband and wife. Regarding the subprojects of component 2, 54 per cent of the 749 production groups formed are headed by women, 92 per cent of HH members of producer groups registered jointly in the name of the husband and wife, all female-headed HHs in the community were included as beneficiaries, and 39 per cent of Water Users Associations members were women versus the 30 per cent target. Finally, regarding project management, sex disaggregated performance indicators were incorporated into the monitoring system.
61. Although some targets were not fully reached, such as women as 56 per cent of beneficiaries of livestock raising versus the 60 per cent target and 39 per cent of participants of production groups trainings versus targeted 40 per cent, the project achieved most of the GAP targets. In addition, the average income of Female-Headed HHs rose 27 per cent, the percentage of Female-Headed HHs living under the poverty line of USD one dollar per day reduced from 37 per cent to 18 per cent and the 74 per cent more girls attended school with a reduction in the drop-out rate of 55 per cent. Significant improvement in the status of women was observed with 73 per cent of women stating they have higher family status and a decrease in domestic violence of 41 per cent due to improved livelihoods and gender awareness raised by the project.
62. Therefore, the PCRV rates *gender equality and women's empowerment as satisfactory (5)* in accordance with PMD.

Environment and natural resources management

63. SNRMPEP's expected impact was more sustainable natural resource management and improved natural resources-based livelihoods. Under component 1, the project achieved institutional arrangements for land use planning by establishing a Department of Land Development and Management, a GIS website, GIS units at the provincial level have merged into a division of planning of PAFO to conduct resource mapping, land suitability and land use planning. Land suitability and broad zoning maps were produced for all 42 districts and 259 land concessions were reviewed. As a result of policy analysis on ANR, the project convinced government to halt land concession for rubber and eucalyptus until 2015 and award the land concession only after proper appraisal of the investment proposal in ANR sector for social and environmental safeguards and EIRR.
64. Under component 2, a number of subprojects addressed the Environment and Natural Resources Management with the following positive results. The forest cover of the five project provinces increased from 43 per cent in 2008 to 60.25 per cent, surpassing the forest cover target of 55 per cent by 2020. In some areas, the introduction of new agriculture production techniques resulted in ending slash-and-burn practices by some ethnic groups and in the vicinity of forests through Bong tree intercropping with upland rice. The promotion of organic coffee value chain improved the management of plants and soil as well as increased production. The organic vegetable cultivation and value chain development introduced practices that foster cycling of resources, promote ecological balance and conserve biodiversity. Finally, the project introduced legume crops in rice-based farming systems by introducing pigeon pea in upland areas and promoted peanut plantation in the dry season in irrigated areas to replace the paddy rice. As a result, farmers saved 70 per cent of irrigation water and increased productivity 25 per cent in the subsequent crop of paddy rice in wet season.

65. The Project also complied with AsDB's environmental and social safeguards by producing technical guidelines and assigning focal points. Of the 71 subprojects, ten were classified as category B and 61 as C. Overall, there were no major negative environmental impacts.
66. Given the combination of institutional capacity building in sustainable ENRM and positive impacts regarding forest cover and more sustainable agricultural practices *the PCR rates environment and natural resources management as satisfactory (5) one point higher than PMD.*

Adaptation to climate change

67. The intended impact of the project was more efficient and sustainable natural resource management and increased agricultural productivity. This impact was measured in terms of increased forest coverage which, as mentioned above, surpassed the targeted 55 per cent by 2020. In addition, the project had a positive impact on moving ethnic communities away from shifting and slash-and-burn practices. These two aspects mentioned in the ENRM section also are positive evidence of the project contributing to climate change mitigation. The PCR also mentions that the sustainable use of ground water for irrigation coupled with development of ground water recharge system, learned from India, may help with climate change adaptation and increased use of land in dry season to cultivate cash crops. In addition, MAF, through the subsector working group on upland agriculture, has initiated dialogue with other relevant ministries to create a better environment to promote investment in climate-friendly agribusiness value chain.
68. However, the PCR presents no other evidence or analysis regarding climate change. This may be due to limited awareness of the relevance of climate change at design as one assumption for increased forest coverage was no major weather-related event. Of the limited discussion of climate change, the PCR states that the occurrence of natural disasters like drought, flood, crop pests, typhoon, forest fire and land slide increased indicating the relevance of climate change.
69. Although climate change became an issue during implementation, the project did little to directly address the issue. The positive impacts were largely unintentional and resulted from sustainable natural resource management. Therefore, the PCR *rates adaptation to climate change as moderately satisfactory (4) one point below PMD.*

C. Overall project achievement

70. SNRMPEP is likely to have achieved the development objectives of more efficient and sustainable natural resources management and improved sector productivity. The project successfully enhanced the institutional capacity at provincial and national levels to manage natural resource utilization sustainably by building the capacity of government line agencies by establishing a centre for land use planning, GIS units and a GIS website with essential information on topography and forest coverage. The agricultural investment component provided useful on-the-job training with District Land Suitability Planning and Village Land Use Planning assisting the District Agriculture and Forestry Office and PAFO in preparing the socio-economic development planning to ensure the optimal sustainable utilization of natural resources. The agricultural investment component further introduced sustainable agricultural models to smallholder farmers while addressing social and environmental safeguards. Subprojects introduced economic security for poor smallholder farmers by changing their approach from traditional subsistence farming using slash-and-burn techniques to market-oriented commercialized farming and the promotion of the agribusiness value chain using the PPCP approach. Policy analysis based on the project activities have also been included in the agriculture development strategy 2025 and vision 2030. The appraisal of investments in ANR sector has become more transparent, land concessions for

eucalyptus and rubber was suspended until 2015 and the issuance of land certificates to farmers became a public priority programme.

71. Therefore, the PCRV rates the *overall project achievement as satisfactory (5)* in line with PMD.

D. Performance of partners

72. **IFAD.** At the quality enhancement stage, the Project Design Report of this co-financed project between AsDB and IFAD was immature due to the earlier expected board approval date for IFAD. To address this issue, IFAD prepared a stand-alone project design document to ensure IFAD specificities were addressed. The QA review raised issues regarding the synergy between the capacity development and investment components, the efficacy of the targeting strategy to reach the poor, women and ethnic groups which were fully addressed by IFAD and incorporated into the AsDB project design report.
73. AsDB and IFAD conducted regular joint supervision missions every six months and supported project implementation through the enhancement of project staff skills. Review missions were fielded depending on the actual requirements of the project which the PCR states helped the project implement activities effectively and efficiently. The project faced problems in the procurement of goods due to a lack in procurement skills of project staff in the use of AsDB procurement procedures. Project Procurement Related Review missions reviewed the project procurement thoroughly and recommended a better procurement plan by consolidating the Shopping and Direct Contracting in more bulky procurement packages of National Competitive Bidding and simplified evaluation formats for the shopping packages. Timely support from the IFAD Country Programme Manager and Country Program Officer was appreciated especially for knowledge management and networking. The PCR assesses the overall performance of AsDB and IFAD as very good and all recommendations of the AsDB mission were found useful and were adopted. Therefore, *the PCRV rates the performance of IFAD as satisfactory (5)* in accordance with PMD.
74. **Government.** The Government actively supported the project by establishing an appropriate organizational structure with the government line agencies. MAF, the Executing Agency, assigned qualified staff to the project at national level to support the Project Director and facilitated allocation of sufficient counterpart funds. Provincial Agriculture and Forestry Offices (PAFO) assigned provincial project directors to manage the project at the provincial level and placed one representative in each participating district. The Government also established resource mapping centres which were moved to the new Department of Agricultural Land Development and Management and appraisal units under the Division of Investment and Agriculture Business. The project team conducted a baseline survey in 2010 and impact surveys in 2013 and 2015. Initially, the monitoring system was too complex and detailed to track project progress, inputs, outputs or outcomes. The indicators were unclear and their levels (output, outcome and impact) mixed with overly ambitious indicators. After the MTR, the project team developed a system to link the subprojects' Design and Monitoring Framework (DMF) with the main DMF. The project redesigned the monitoring systems to track indicators in the DMF, designed a benefit monitoring scheme, set indicators at the right level and removed irrelevant ones.
75. On fiduciary aspects, the project followed AsDB rules and procedures. A Procurement Specialist was engaged to develop a procurement manual by combining the guidelines of both AsDB and the Government of Laos, which were successfully applied to the project. Since project implementation was decentralized to districts, there was initially a problem managing a large number of small procurement packages. Learning from past mistakes, the project merged small shopping packages into larger packages of National Competitive Bidding (NCB) to

promote the procurement of goods and works using NCB resulting in 42 per cent of contracts out of US\$20 million awarded under NCB. The project published all invitations for bids for NCB and Shopping in national newspapers to ensure transparency which also built good capacity building of district and provincial level implementation agencies in transparent procurement systems. Finally, problems due to projects staff's lack of procurement skills was addressed through training the project adopted the recommendations of the Project Procurement Related Review which resulted in improvement in the bidding process, filing system and the overall procurement infrastructure.

76. Therefore, the PCRV rates the *performance of the Government as satisfactory (5)* in accordance with PMD.

IV. Assessment of PCR quality

77. **Scope.** The PCR includes relevant information for an evaluation. As it followed the AsDB format, some IFAD-specific criteria were discussed in terms of the gender and environment safeguards with no discussion specific to adaptation to climate change, innovation, scaling up, and rural poverty impact. However, evidence relating to all IFAD criteria could be derived from the report. *The scope of the PCR is rated as satisfactory (5).*
78. **Quality.** The PCR was prepared at project completion and presents data from the baseline survey conducted in 2010 in comparison with the impact survey conducted in 2015. The PCR also presents comprehensive information on the different subprojects, including the targeted and actual beneficiaries. At times, there are some discrepancies between the data in the PCR and the Project Design Reports and supervisions reports particularly with regards to targeting of beneficiaries. The PCR does not present the process by which the PCR was prepared and does not provide all the sources of data, which appears to be the project documents. The PCR, which follows the AsDB format, also does not present ratings for the different evaluation criteria which were provided separately by PMD. *PCR quality is rated as moderately satisfactory (4).*
79. **Lessons.** The lessons drawn by the PCR are presented more in the recommendation section rather than under lessons learned which presents good practices. The recommendation section presents lessons based on mistakes in implementation along with actions to address the issues for greater sustainability of benefits and future projects. The lessons and recommended actions are very concrete with responsibility assigned and a time frame. *PCR lessons are rated as satisfactory (5).*
80. **Candour.** The narrative tone of the PCR sounds objective, however, the report presents mostly positive results with few negative instances at the start of the project. *PCR candour is rated as moderately satisfactory (4).*

V. Lessons learned

81. The PCR proposes some good lessons and recommendations for future action such as: (i) Deepen the decentralized community development approach by involving or at least consulting the community at the time of project formulation; (ii) Given the time required to identify subprojects and conduct technical evaluations, feasibility studies, and approve them, they should be identified during project design, in order to not impede project implementation; (iii) In promoting the private sector to invest in agribusiness, there is a need to address bottlenecks such as the high cost of logistics, high tax on agricultural inputs, lack of service providers for inputs, and lack of warehouses and cold storage in the provinces.
82. In addition, the following two lessons are proposed by the PCR. For co-financed projects, IFAD should utilize the main financier's project documentation but prepare additional documentation particularly for areas important to IFAD such as

targeting and adaptation to climate change. This entails IFAD preparing working papers at design on the poverty analysis to allow for better differentiation of the rural poor beneficiaries in order to identify more appropriate selection criteria for inclusion of IFAD target groups. In addition, when adopting a subproject approach, limit the types of projects (nine different categories in SNRMPEP) to ones that best address the needs of the targeted beneficiaries and with the highest EIRR, unless they contribute to other project objectives (e.g., environmental sustainability). Along these lines, the results from SNRMPEP may be used for this purpose in future agricultural investments in the five provinces.

Definition and rating of the evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time. 		No
	<ul style="list-style-type: none"> Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process. 		No
	<ul style="list-style-type: none"> Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition. 		No
	<ul style="list-style-type: none"> Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. 		No
Project performance	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
Other performance criteria			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures	X	Yes

<i>Criteria</i>	<i>Definition</i> *	<i>Mandatory</i>	<i>To be rated</i>
Overall project achievement	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation and scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
Performance of partners			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

Rating comparison^a

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>IOE Project Completion Report Validation (PCRVR) rating</i>	<i>Net rating disconnect (PCRVR-PMD)</i>
Rural poverty impact	5	4	-1
Project performance			
Relevance	5	5	0
Effectiveness	4	4	0
Efficiency	4	5	+1
Sustainability of benefits	5	5	0
Project performance^b	4.5	4.75	0
Other performance criteria			
Gender equality and women's empowerment	5	5	0
Innovation	5	5	0
Scaling up	5	5	0
Environment and natural resources management	4	5	+1
Adaptation to climate change	5	4	-1
Overall project achievement^c	5	5	0
Performance of partners^d			
IFAD	5	5	0
Government	5	5	0
Average net disconnect			0/12 = 0

^a Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

^b Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

^c This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation and scaling up, environment and natural resources management, and adaptation to climate change.

^d The rating for partners' performance is not a component of the overall project achievement rating.

Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRVR rating</i>	<i>Net disconnect</i>
Scope		5	
Quality (methods, data, participatory process)		4	
Lessons		5	
Candour		4	
Overall rating of the project completion report		5	

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

Abbreviations and Acronyms

AsDB	Asian Development Bank
ANR	Agriculture and Natural Resource
COSOP	Country Strategic Opportunities Programme
DMF	Design Monitoring Framework
EIRR	Economic Internal Rate of Return
GAP	Gender Action Plan
GIS	Geographic Information System
HH	HHs
Lao PDR	Lao People's Democratic Republic
MAF	Ministry of Agriculture and Forestry
MTR	Mid-term review
NCB	National Competitive Bidding
PAFO	Provincial Agriculture and Forestry Office
PCR	Project Completion Report
PCRV	Project Completion Report Validation
PMD	Programme Management Department
PPCP	Public Private Community Partnership
SNRMPEP	Sustainable Natural Resource Management and Productivity Enhancement Project
UNICEF	United Nations Children's Fund

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