

## **Lao People's Democratic Republic**

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### **Strategic Support for Food Security and Nutrition Project - GAFSP funds**

### **Supervision Report**

Mission Dates: 16 - 30 June 2022

Document Date: 03/08/2022

Project No. 2000001131

Report No. 6174-LA

Asia and the Pacific Division  
Programme Management Department



## Abbreviations and Acronyms

<b>AFN</b>	Agriculture for Nutrition Project
<b>AOS</b>	Annual Outcome Survey
<b>APG</b>	Agriculture Production Group
<b>AWPB</b>	Annual Work Plan and Budget
<b>CBA</b>	Cost -Benefit Analysis
<b>CD</b>	Country Director
<b>CC(A)</b>	Climate Change (Adaptation)
<b>COSOP</b>	Country Strategic Opportunities Component
<b>DA</b>	Designated Account
<b>DAFO</b>	District Agriculture and Forestry Office
<b>DDG</b>	Deputy Director General
<b>DoPF</b>	Department of Planning and Finance
<b>DNC</b>	District Nutrition Committee
<b>DTEAP</b>	Department of Technical Extension and Agro-Processing
<b>F2F</b>	Farmer-to-Farmer Extension
<b>FAO</b>	UN- Food and Agriculture Organisation
<b>FNML</b>	Southern Laos Food and Nutrition Security and Market Linkages Programme (IFAD)
<b>FNS</b>	Farmer Nutrition Schools
<b>FY</b>	Fiscal year
<b>GAFSP</b>	Global Agriculture and Food Security Programme
<b>GAP</b>	Gender Action Plan
<b>GEWE</b>	Gender equality and women empowerment
<b>GIS</b>	Geographic Information System
<b>GoL</b>	Government of Lao Peoples Democratic Republic
<b>GST</b>	Group Support Team
<b>HH</b>	Household
<b>IFAD</b>	International Fund for Agricultural Development
<b>ICP-CMT</b>	IFAD Client Portal Contract Monitoring Tool
<b>ICT</b>	Information and Communication Technologies
<b>KM</b>	Knowledge Management
<b>LAK</b>	Lao Kip
<b>LEA</b>	Lao Extension for Agriculture
<b>LF</b>	Lead Farmer
<b>LFN</b>	Lao Farmers' Network
<b>LTR</b>	Letter to the Recipient
<b>LWU</b>	Lao Women Union
<b>MAF</b>	Ministry of Agriculture and Forestry
<b>MAHFP</b>	Months of Adequate Household Food Provisioning
<b>MoF</b>	Ministry of Finance
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDG</b>	Millennium Development Goals
<b>MTR</b>	Mid Term Review
<b>NAFRI</b>	National Agriculture and Forestry Research Institute
<b>NNSPA</b>	National Nutrition Strategy to 2025 and Plan of Action 2016 – 2020
<b>NOTUS</b>	IFAD No Objection Tracking System
<b>NPCO</b>	National Project Coordination Office

<b>ODA</b>	Overseas Development Assistance
<b>PA</b>	Project Account
<b>PAFO</b>	Province Agriculture and Forestry Office
<b>PAR</b>	Participatory Action Research
<b>PDR</b>	Project Design Report
<b>PIM</b>	Programme Implementation Manual
<b>PPCP</b>	Public-private Community Partnership
<b>ProMIS</b>	Project Monitoring and Information System
<b>SECAP</b>	Social, Environmental and Climate Assessment Procedures
<b>SSFSNP</b>	Strategic Support for Food Security and Nutrition Project
<b>TOR</b>	Terms of Reference
<b>TSC</b>	Technical Service Centre
<b>USD</b>	United States Dollar
<b>VF</b>	Village Facilitator
<b>VIT</b>	Village infrastructure Plan
<b>VIT</b>	Village implementation teams (VIT)
<b>VDP</b>	Village Development Plan
<b>VNC</b>	Village Nutrition Center
<b>VNV</b>	Village Nutrition volunteers (ref Nutrition Strategy to 2025)
<b>VVW</b>	Village Veterinary Worker
<b>WA</b>	Withdrawal Application
<b>WASH</b>	Water, sanitation, and health
<b>WFP</b>	UN-World Food Programme

## A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Lao People's Democratic Republic	Environmental and Social Category:	Moderate
Project Name:	Strategic Support for Food Security and Nutrition Project - GAFSP funds	Climate Risk Classification:	Moderate
Project ID:	2000001131	Executing Institution:	Ministry of Agriculture and Forestry
Project Type:	Storage, processing and marketing	Implementing Institutions:	Ministry of Agriculture and Forestry
CPM:	Francisco Pichon		
Project Director:	Project Director: Mr. Sisovath Phandanouvong email: ssfsn.project@gmail.com M&E Officer: Mr Ritik Joshi email: ritikjoshi@gmail.com		
Project Area:	12 districts and approx. 400 villages in Oudomxai, Phongsaly, Xieng Khouang and Houaphan provinces in Northern Laos		

Approval Date:	13/04/2016	Last audit receipt:	30/06/2022
Signing Date:	14/05/2016	Date of Last SIS Mission:	30/06/2022
Entry into Force Date:	28/04/2016	Number of SIS Missions:	8
Available for Disbursement Date:	29/08/2016	Number of extensions:	1
First Disbursement Date:	02/09/2016	Effectiveness lag:	0 months
MTR Date:	18/02/2020		
Original Completion Date:	30/06/2022		
Current Completion Date:	31/12/2022		
Financial Closure:	not available yet		

### Project total financing

IFAD Financing breakdown		
Domestic Financing breakdown	National Government	\$5,436,000
	Private sector local	\$459,000
	Beneficiaries	\$2,900,000
Co-financing breakdown,	Global Agriculture and Food Security Programme/IFAD	\$24,000,000
	Global Agriculture and Food Security Programme	\$6,000,000
	Global Agriculture and Food Security Programme	\$1,500,000
<b>Project total financing:</b>		<b>\$40,295,000</b>

### Current Mission

Mission Dates:	16 - 30 June 2022
Days in the field:	08
Mission composition:	Mr. Soulivanh Pattivong, IFAD Country Programme Officer / Team Leader, Project Management and Nutrition Specialist; Mr. Emmanuel Jouve, Agriculture and Value Chain Consultant; Ms. Rachele Arcese, IFAD Programme Officer, Social Inclusion and M&E Specialist; Mr. Sakphouseth Meng, IFAD Country Programme Officer / Economist; Mr. Chu Tuan Dat, Procurement Consultant; Ms. Malaythong Nouanlasy, Financial Management Consultant; and Ms. Khangneun Oudomphone, Programme Policy Officer, World Food Programme (WFP)
Field sites visited:	La District in Oudomxay province; Yot-Ou and Samphanh districts in Phongsaly province

## B. Overall Assessment

Key SIS Indicator #1	∅	Rating	Key SIS Indicator #2	∅	Rating
Likelihood of Achieving the Development Objective		4.62	Assessment of the Overall Implementation Performance		4.5

Effectiveness and Developmental Focus		5	Project Management		4
Effectiveness		5	Quality of Project Management		5
Targeting and Outreach		5	Knowledge Management		5
Gender equality & women's participation		5	Value for Money		4
Agricultural Productivity		4	Coherence between AWPB and Implementation		4
Nutrition		5	Performance of M&E System		4
Adaptation to Climate Change		4	Social, Environment, and Climate Standards requirements		4

Sustainability and Scaling-up		5	Financial Management and Execution		5
Institutions and Policy Engagement		5	Acceptable Disbursement Rate		5
Partnership-building		5	Quality of Financial Management		4
Human and Social Capital and Empowerment		5	Quality and Timeliness of Audit		4
Quality of Project Target Group Engagement and Feedback		4	Counterparts Funds		6
Responsiveness of Service Providers		4	Compliance with Loan Covenants		5
Environment and Natural Resource Management		3	Procurement		4
Exit Strategy		5			
Potential for Scaling-up		5			

<b>Relevance</b>		<b>5</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

1. The Agriculture for Nutrition (AFN) project is financed by Global Agriculture and Food Security Programme (GAFSP) and implemented by the Ministry of Agriculture and Forestry (MAF) through its Department of Planning and Cooperation (DoPC). The project became effective on 28 April 2016, the revised completion date is 31 December 2022, and the closing date is 30 June 2023. The total cost for the project is USD 38.8 million, which consists of a GAFSP grant of USD 24 million administered by IFAD; a GAFSP grant of USD 6 million managed by the World Food Programme (WFP); Government of Lao PDR (GoL) contribution of about USD 5.4 million, and contributions from beneficiary groups and local private sector estimated as USD 3.3 million.
2. The IFAD and the Ministry of Agriculture and Forestry of Lao PDR conducted a joint Supervision Mission of the AFN project from 16 to 30 June 2022. The objectives of the mission were to: (i) follow up physical and financial achievements; (ii) review status of agreed actions from the last Implementation Support Mission; and (iii) identify possible constraints and discuss practical solutions.
3. This supervision mission is the last before project completion in December 2022. It was conducted in view of the preparation of the upcoming phase 2 of the project planned to start in 2023.
4. The mission kick-off meeting was organised on 16<sup>th</sup> June 2022 and was chaired by Dr. Phommy Inthichak, Deputy Director General of the Department of Planning and Cooperation of MAF. Field visits were conducted in La district, Oudomxay province and Yot-Out, Bountay and Samphanh districts in Phongsaly province, with participation of PAFOs, DAFOs of the two provinces, representatives from Ministry of Agriculture and Forestry, NAFRI, DTEAP and Governors and Deputy District Governors of the four districts.
5. The mission reviewed project interventions and interacted with village authorities, village nutrition committees, village facilitators, garden grants implementers, agriculture production groups, individual farmers and households, private companies supported through PPCP. In each district a debriefing was conducted jointly with all stakeholders and involving district nutrition committees (public health, agriculture and education offices, Lao Women Union, etc.). The mission wrap-up meeting held on 30 June 2022 was co-chaired Dr. Phommy Inthichak, Deputy Director General of the Department of Planning and Cooperation of MAF. Ministry of Finance, Ministry of Planning and Investment, and key stakeholders (FAO, Lao Farmer Network, etc.) also participated in the meetings.
6. The mission expresses its appreciation to the Government of Lao PDR, MAF, and other related ministries and Departments, NPCO and all stakeholders who participated in meetings of the mission for their cooperation, hospitality and support extended to the mission.

### Key Mission Agreements and Conclusions

7. Since the last support mission in November 2021, the country has progressively lifted the restrictions related to the COVID-19 pandemic and international and domestic travels have resumed. The overall performance of AFN has remained satisfactory. Most of the previous agreed actions have been implemented or are being addressed. Pending actions have been reiterated during this mission.
8. The project is on track to reach or exceed most of the quantitative targets as revised at MTR. At the output level, almost all targets have been achieved or exceeded. Outcome level results, including in terms of farmers' adoption of improved technologies and increased incomes, will be measured at end-line survey, which is planned for Q4 2022. The likelihood of reaching its Development Objective is assessed as satisfactory (5/6).
9. The project expenditures to the Additional Financing have reached 51% for the GAFSP funds managed by IFAD (including initial advance) and 36% for GAFSP funds managed by WFP. Disbursement of initial funds have reached 98% and 94% respectively. Beneficiary contribution has exceeded the target by 48% and Government contribution has reached 81% of the target.
10. **Project outreach and targeting.** The previous rating of "satisfactory (5/6)" is maintained. Project outreach is 204,256 persons, or 90% of the target, of which 70% are members of ethnic groups (or 84% of the target). The number of direct and indirect beneficiaries is not likely to increase by the end of the project. The mission noted that the disaggregation by sex at the outreach level needed to be reviewed since the percentage of women and men receiving services, i.e., 129% and 51%, respectively, did not seem realistic. In addition to the quantitative data, a social (gender, youth, EM) impact assessment of project activities on beneficiaries is to be conducted, to understand the extent that the project benefited its intended target groups, when compared to its targeting strategy.
11. **Planning towards completion.** The key remaining activities to be completed during the period July - December 2022 are: (i) Completion of all physical activities, including disbursement of APG grants and monitoring of the implementation of these grants; (ii) Completion of assessments, including APG and lead farmers assessments, PPCP, impact assessment on people's livelihood and gender roles/issues (gender/youth/EM) as a complementary analysis to the endline survey; (iii) finalisation of the Draft "Infrastructure Assessment Survey" report; (iv) Completion of KM products being currently drafted, including the AFN catalogue, initiated success stories, interviews, short videos, web material on all components, (v) end-line survey to be completed not later than Dec 2022, and (vi) Updated detailed planning of project completion and financial closure scheduled for 2023.
12. The project is to update the exit strategy by August 2022. The draft has been translated into Lao language and is currently being reviewed by MAF, PAFOs and DAFOs for their review prior to MAF endorsement. This will be followed by formal hand-over process of the key investments (FNS, APGs, etc.) to implementing agencies at provincial and district levels and village authorities and beneficiaries for further support. The mission identified risks in terms of sustainability of investments in road/access tracks,

APG development and lead farmers. These risks need to be quantified and addressed as part of the exit strategy.

13. **Transition to phase 2.** The project is to disseminate the AFN2 two-pronged approach to avoid raising expectations in the five convergence districts that will be covered by AFN2. In these districts, AFN2 does not plan any physical investments at village / community level. The District Nutrition Committees are to further engage with all other on-going agriculture and nutrition projects to formally agree on hand-over processes of key investments for further support, including to the community-based organisations established by AFN: village nutrition committees, village facilitators, farmers' nutrition school, APGs, lead farmers, etc.

Key mission agreements	Responsibility	Deadline	Status
<b>Completion of pending physical activities</b> Ensure all physical activities included in the AWPB and revised procurement plan are completed by end of Dec 2022	NPCO	Dec / 2022	Agreed
<b>Assessments</b> Completion of assessments, including APG, lead farmers, PPCP and social/gender assessments as a complementary analysis to the end-line survey	NPCO	Nov / 2022	Agreed
<b>Assessment of infrastructures</b> After the finalisation of the Draft "Infrastructure Assessment Survey" report, conduct an internal review of a sample of infrastructures under VIP, focusing on road/access tracks	NPCO, Departments of Planning and Investment, Public Works and Transport	Oct / 2022	Agreed
<b>End line survey</b> Accelerate procurement of the service provider to ensure that the end-line survey will be completed not later than early Dec 2022	NPCO	Dec / 2022	Agreed
<b>Road map to completion and closure</b> Update and monitor the detailed planning for the project completion process and financial closure scheduled for 2023	NPCO	July / 2022	Agreed
<b>Transition to phase 2:</b> Disseminate the AFN2 two-pronged approach in the five convergence districts and formally hand-over activities to other on-going projects	NPCO	Aug / 2022	Agreed

## D. Overview and Project Progress

14. **General assessment of progress vs AWPB.** As of 31 May 2022, the overall execution of the Annual Work Plan and Budget 2022 stands at 41%, i.e., USD 1.9 million executed out of USD 4.6 million budgeted. The executed amount is disaggregated as follows: USD 0.6 million on IFAD-administered grant (38%); USD 0.9 million on WFP-administered grant (36%); USD 0.2 million on GoL contribution (62%); USD 0.1 million on beneficiaries (1243%).

**Table – Financial progress vs AWPB 2022 as of 31 May 2022 (in USD)**

	AWPB 2022	Disbursed from Jan to May 2022	% Disbursed
<b>GAFSP-IFAD</b>	1,617,333	608,183	38%



<b>GAFSP-WFP</b>	2,775,850	986,443	36%
<b>GoL</b>	246,635	152,780	62%
<b>Beneficiaries</b>	12,000	149,193	1243%
<b>Total</b>	<b>4,651,817</b>	<b>1,896,599</b>	<b>41%</b>

15. The project is on track to implement the AWPB 2022 as planned. In terms of cumulated achievements up to 30 June 2022, the project exceeded the targets of all its three outcomes and all its outputs except one (output 2 under component 2, achieved at 86% - see Appendix 2).

#### **Component 1: Strengthened Public Services**

16. Component 1 effectiveness is rated satisfactory (5/6). The quantitative outputs and outcomes targets are being met. Assessment APG and lead farmers capacities is still on-going and will inform the design of phase 2 and the completion process of the project.

17. **MAF Project Management Information System (ProMIS2).** FAO has fully handed over the system to MAF Department of Planning and Cooperation (DoPC). The main server is hosted at NAFRI, with direct technical support and guidance of MAF. To support the operation and management of the ProMIS, a User's manual was developed, and technical trainings were provided to MAF technical Departments and related ODA Projects. For overall oversight, a Management Committee was formally established with representatives from related technical Departments, with a technical team of four, nominated at DoPC as the technical support team. MAF issued an implementation guide to enforce systematic use and management of the ProMIS. So far, data and information of more than 70 ODA projects have been entered into the system, related to project details.

18. **The Participatory Action Research (PAR) models.** A total of 882 on-farm demonstrations to promote the PAR models have been established in 264 villages. Data collection and analysis for the cost benefit analysis (CBA) has been 75% completed (120 models over the sample of 162 models). NAFRI is yet to produce a formal report to analyse the data and identify the PAR model that generate high value for money. The data collected by NAFRI for the CBA has been used for the purpose of the AFN2 economic and financial analysis (EFA).

19. **Lead farmers / rural entrepreneurs:** 879 Lead Farmers have been selected of which 14.3% of them female, trainings are ongoing. The mission engaged with lead farmers as well as village veterinary workers. The capacity of lead farmers appeared to be mixed, but the mission confirmed that some lead farmers producing inputs (chicks, piglets, etc.) have potential to develop a profitable business that would generate revenue streams and cover the cost of providing technical advice. Before completion, the project is to support these lead farmers to access business planning advice, finance, and equipment to expand their business. Further rounds of investment by lead farmers would increase the likelihood of sustainability of this model of last mile delivery mechanism for extension services. AFN2 also intends to follow this approach building on the AFN 1 lessons, with more emphasis on the business dimension.

#### **Component 2: Nutrition-Sensitive Agriculture Planning.**

20. The effectiveness of component 2 is rated as satisfactory (5/6). The quantitative outputs and outcomes targets are being met or have been exceeded. The district multi-sector planning has been effectively supported and the assessment of APG and lead farmers capacities is still on-going and sustainability aspects are being addressed with some short comings.

21. Since the last mission, AFN has intensified its support to nutrition committees at district and community levels to plan for the implementation of 22 priority interventions in the new National Nutrition Strategy and Plan of Actions 2021-2025 (NPAN), approved in Nov 2021.

22. **District multi-sector planning** in support to the implementation of the National Nutrition Strategy and Plan of Action. So far, a total of eight District Nutrition Plans have been developed and endorsed in Xieng Khouang, Oudomxay and Phongsaly provinces. A total of 15 meetings were organised to engage the four nutrition convergence agencies (agriculture, education, health, LWU and related technical agencies). The remaining four District Nutrition Plans in Houaphanh are being prepared and will be endorsed in July 2022. To support DNC strengthening, technical meetings were held with key development partners (UNICEF, WB, SNV) with projects being implemented in the same convergence districts for coordinated planning and complementary of project activities to support DNC strengthening.

23. However, for more synergy, complementary and sustainability, it is key that AFN will have technical consultations with other partnership partners who are engaged on nutrition in Lao PDR (including UNICEF, WB, Care International, SNV, etc.) with projects in the same areas for coordinated planning and implementation of the AFN. With the new NPAN (2021-2025), recently approved and the endorsed by Multi-District Nutrition Plans (DNP), through existing working arrangements, AFN has planned to discuss and disseminate the PNCs and DNCs the NPAN and DNP, to ensure that the activities among convergence agencies are jointly planned, and budgeted with possible joint review, monitoring and reporting of achievements against key government targets related to nutrition related activities.

24. **Village development planning.** The Village Development Planning was concluded in all 400 villages during 2017-2018, with

active participation of all villagers (with a mandatory 50% female participation). The plans include a range of activities related to AFN such as infrastructure, agriculture, and nutrition education and were endorsed by the District Social Economic and Development Committee (DSEDC). During late 2020, all the old Village Development Plans were reviewed and updated, mapping out the existing and planned interventions for Health, Education and Agriculture (including AFN), linking them to the 22 priority interventions and during 2021 and 2022, meetings were held in 375 villages with 5,254 participants including members of the Village Nutrition Committees, to update the plans and key elements.

25. **Nutrition planning at village level.** So far, 334 Village Nutrition Plans (VNP) have been developed, as key basis for development of District Nutrition Planning. Also, Village Nutrition Committee with some Village Facilitators (VFs) as members have been established in the villages with clearly defined TORs and trainings held on their roles and knowledge on nutrition related activities. To support the activities at village level, key refreshed trainings and introductions on their functions will be crucial to ensure that key activities (FNS sessions – information sharing, cooking demonstrations, regular monitoring of malnourished children, etc.,) are carried out with timely actions taken to tackle the issues of malnutrition of children, among others, and changes in eating patterns and habits based on changes to the food environment, etc., at village level.
26. **Farmer Nutrition Schools (FNS).** As of June 2022, FNS has been expanded to all 400 AFN target villages, with a total of 1,217 village facilitators (79% women, around 3 per village), selected and trained on the revised four FNS modules. In all 400 villages, a total of 386 Village Nutrition Centers have been built or upgraded by the project and used as meeting and training centers. The remaining 14 villages do not need a separate training center. During the first 5 months of 2022, key learning sessions have been carried out by the Village Facilitators in all the 400 villages with 7,323 participants with detailed breakdown of the participants: 97.2% female; 83.8% ethnic groups; 16.3% PLW; 25.2% MCU2; and 23.0% MCU5. These FNS's generally take place about once a month, but in some villages, they organize themselves less frequently, depending on the interest and number of participants available. Nutrition-sensitive activities are inducing positive impacts on stunting levels and underweight rates. FNS has been replicated in other provinces by WFP.
27. With reduced project budget and for increased ownership, AFN has planned to phase out the provision of about 400,000 kip/month for the cooking demonstrations. Village Nutrition Committee, VFs and communities have been well informed on this change and consultations among village authorities on community contributions in term of agriculture produce from recipients of HG, APG, etc. have been initiated, to ensure that FNS related activities (cooking, etc.) will be continued. The drafted community mobilisation manual, details and practical rules need to be clearly defined and integrated into community mobilization to encourage community contribution and ownership with regular technical support and following up of the AFN.
28. **Village Facilitators.** In many convergence districts and villages, AFN and other partnership projects have used same VFs, to support project activities implementation at village level, with a number of technical trainings provided. The VFs are able to perform their functions well. However, till project completion – June 2023 for Component 2, it is crucial that AFN continues to discuss with PNC and DNC, on how to increase recognition of the VFs roles in the long run and get the VFs formally certified, and mainstream them into the village authority structure, supporting nutrition related aspects at community level.
29. **Other nutrition related initiatives.** A number of key interactive sessions and communications were carried out, such as Village Nutrition Day events held at community level (if possible, the events will be celebrated on the National Nutrition Day), loudspeaker systems installed in 60 villages, with trainings provided to VFs and village leaders on operation of the systems to broadcast nutrition and health related messages and mobilise the community of village leaders to join project activities.
30. Lastly, AFN is to continue supporting activities that adopt Social Behaviour Change Communication (SBCC) strategies through existing platforms, including FNS events, Village Nutrition Days, Village Nutrition Meetings and also via loudspeaker systems and IEC materials. Till June 2023, AFN will continue to document and promote wild foods in nutrition activities, taking into account the experience from the field. This will give key inputs for the exit strategy activities for FNS and GG, especially looking at the sustainability aspects, and for AFN 2.
31. In 2022, WFP disbursed a total of 5,484 Garden Grants to eligible women that completed all the FNS modules in 316 villages as part of the GAFSP Additional Funding. The remaining Garden Grants will be disbursed until December 2022. (This is also referred to in C3 further down)
32. In 2022, WFP organized basic agriculture trainings (vegetable and small livestock production) for a total of 327 participants, including Lead Farmers, Village Facilitators and selected DAFO staff. In Oudomxay and Xieng Khouang these 5-day trainings were held at the provincial training center. As there is no such training center in Phongsaly province, trainings were organized in the field with capable trainers traveling from the centers. Follow-up activities are being planned, this will further strengthen the local capacities of LF and VF to provide basic technical extension on Home Gardening in their villages.

### **Component 3 (Sustainable and inclusive market-driven partnerships)**

33. The effectiveness of component 3 is rated as satisfactory. The quantitative outputs and outcomes targets are being met. The assessment of APG and lead farmers capacities is still on-going and sustainability aspects are being addressed with some short comings.
34. **Sub-component 3.2.** Infrastructures under the Village investment plans (VIP). A total of 443 village infrastructure sub-projects have been implemented by the project. The total costs for these sub-projects is LAK 100.9 billion (including LAK 36.7 billion IFAD contribution for access roads) and the total number of beneficiaries is estimated at more than 30,000 rural households.
35. Under additional financing, the project has planned to conduct repairs on 24 selected infrastructure schemes, focusing mainly on irrigation schemes and drinking water supply activities. By end of May 2022, repairs works have been completed in 18 of these 24 schemes.

36. **Quality of infrastructure investments.** AFN has carried out an assessment of infrastructure schemes covering 84 schemes (Irrigation, Rural Roads and Water Supply). Analysis and reporting was on-going at the time of the mission.
37. The mission visited an irrigation subproject in Tard Moun Village, a barbed wire fence in Hua Keang Village (La District), a water supply system in Nam Thuang Village, and an access road in Lao Pan 2 Village (Samphan District). Observation on the visited community infrastructure showed that the construction quality is generally good. The investment of LAK 35 million in construction materials for the irrigation subproject was split into several concrete canal sections, so the fragmented infrastructure will not bring impact to the project. If the investment is small, the Project should give priority to the intake only.
38. The Project invested LAK 35 million for a barbed wire fence in Hua Keang Village. The cow-raising group constructed fences for 21 ha divided into different plots (farmers contributed wooden poles and labour). In the beginning, the group had 46 HHs with 185 cattle (cow and buffalo) and now it increased to 52 HHs with 344 cattle. The investment is efficiency. Regarding the water supply system in Nam Thuang Village, the Project provided LAK 200 million for construction materials. An intake, 8 km of pipe, 1 water tank, and 5 water points were constructed in the village to benefit 47 HHs. Village already set up a maintenance committee and collect money for maintenance and some money has been spent on taps, joins... The investment is assessed to be efficient.
39. The access road (Length: 2.1 km; Width: 3.5m) in Lao Pan 2 Village constructed by a contractor was reported to bring good benefit to local people. However, the cost of LAK 80 million/km (9.400 USD/km with the exchange rate of LAK 8,500 per USD 1 in 2019 when this road was completed) is 25.9% higher than the average cost of all access road in the Project. The Project may target a more cost-effective road. The village informed that maintenance fee was collected and some of them have been spent. However, observation in the field showed that a part of the road is not in a good condition due to unusual heavy rains in the week before the visit of the Mission.
40. The mission visited access road investments during the field visits and the mission noted the low technical quality of some of the roads results in environmental damage and poor sustainability, especially after the heavy rains experienced during the field trip.
41. In the site visited during this mission (Lao Pan II in Samphanh District, Phongsaly Province), the access road (Length: 2.1 km; Width: 3.5m) constructed by a contractor was reported to have benefitted the local communities. However, the cost of LAK 80 million/km (9.400 USD/km with the exchange rate of LAK 8,500 per USD 1 in 2019 when this road was completed) is 25.9% higher than the average cost of all access road in the Project, mainly due to its remoteness and added drainage canals. A more cost-effective investment could have been selected. The village informed that maintenance fee was collected and some of it has been spent. However, observation in the field showed that a part of the road recently improved by the community was not in a good condition due to unusual heavy rains in the week before the visit of the Mission.
42. An internal assessment is recommended in order to review a sample of the access tracks and draw lessons for potential investments under AFN2. Irrigation schemes are likely to provide adequate returns on investment, but the benefits are shared by few farmers at high cost per beneficiary. The project exceeded the quantitative targets for irrigated command areas (560 ha vs a target of 300 ha in the logframe)
43. **Sub-component 3.3 (Farmer/Household Investments).** A cumulated total of 15,130 garden grants of 1 million Kip each have been distributed to women beneficiaries of the Farmer Nutrition Schools. Under the GAFSP Additional Funding (WFP part) another 10,000 garden grants are budgeted with 5,484 of them having been distributed in May/June 2022 and the remaining planned until December 2022. At completion, a total of up to 25,000 home garden grants will have been disbursed by AFN. Under AFN2, the model will be scaled up in new districts and provinces, with a higher unit investment and focusing mainly on promoting the model of integrated home garden combined vegetable and poultry or fish raising.
44. **Agriculture production groups.** A total of 871 APG groups formed with 13,915 members, 49% female. 798 (99.5%) APG groups have received investment grants of up to USD 6,000 each and 762 APGs (94.7%) have disbursed funds to their members. The pending transfer of grants from the project to the 32 APG need to be accelerated as the cropping season is now starting.
45. **APG capacity.** DTEAP is leading an assessment of the capacity of the APG, in collaboration with PAFOs and DAFOs, following national guidelines related to Decree 606 on farmers' groups and agricultural cooperatives issued in Nov 2020. The preliminary results indicate mixed results in terms of APG capacity. DTEAP is to complete the assessment and provide (i) the criteria used for the assessment and ranking of groups, (ii) a detailed analysis of these results, highlighting the gaps and shortfalls for those APGs that were assessed to be of low capacity. This gap analysis will provide valuable lessons for the design of the AFN2 approach towards extension and support to groups. In particular AFN2 will mainly engage with existing groups, rather than focus on establishing new groups for the purpose of the project. AFN2 will also adopt a much more decentralised approach towards group strengthening, mobilising service providers or technical assistance at district and provincial level (such provincial technical and vocation training centers).
46. **Management of APG grant funds.** During the mission, the APG grants management tools were assessed and the following issues were jointly identified: (i) the APG accountant and cashier have limited understanding of record keeping and the accounting tools are not used properly (ii) some APGs still do not have an account book, preventing proper reconciliation of fund flows (iii) oversight functions are not in place. These issues confirm that establishing revolving funds mechanisms on an ad-hoc basis at farmer's group level without adequate accounting and oversight functions may be counter-productive. This lessons will be taken in account in the design of the APG grants under AFN2. All grants are to be retained by the beneficiaries at group level after project completion.
47. **Sub-component 3.4 - Public-private community partnership investments (PPCP).** So far, AFN Project has now identified 7 PPCP partners, and 7 contracts signed, and first activities started. The number of direct beneficiaries from the PPCPs has reached 2,825 farmers now. Based on initial assessment, sales from farmer groups to all of the PPCP companies has passed USD1.8 million. The PPCP partners have established linkages to AFN supported villages and AFN supported APGs.

48. The mission visited a slaughterhouse in La district, Oudomxay province. The private partner has managed to develop and maintain commercial activities during the COVID-19 pandemic, and this has benefitted the APG members who supply the slaughterhouse. The volume of activity remains relatively low at around one head of cattle per day. The private partner plans to diversify the slaughterhouse activity for poultry and pig, with further expected benefits to APGs. The infrastructure does not seem in line with the reported co-investment (around USD 34,000 of which 34% contributed by the company and 66% by AFN). The observed facilities at the site showed that the cost was probably exaggerated by the enterprise. The mission recommends DAFO/PAFO/NPCO carefully review and appraise the cost estimate prepared by enterprises for PPCP grants before approval. The internal review is to confirm the validity and viability of such interventions, for the purpose of stock taking into AFN2.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<p><b>Component 1 - Cost Benefit Analysis of PAR</b></p> <p>Analyse all CBA data and prepare a CBA report highlighting the PAR models that generate high value for money</p>	NAFRI	07/2022
<p><b>Component 1 - Lead farmers / rural entrepreneurs</b></p> <p>Support the most advanced lead farmers who produce inputs to access business planning advice, finance and equipment to expand their business</p>	PAFO/DAFO	07/2022
<p><b>Component 3 - Monitoring of APG grant implementation</b></p> <p>Accelerate transfer of the last remaining APG grants and monitor their implementation by the APG themselves; (28 APG received grants but yet to be implemented, and 4 groups are still reviewing the proposals)</p>	NPCO	08/2022
<p><b>Component 3 - APG funds management</b></p> <p>Ensure all APG have bank books and maintain the accounting record keeping system in place</p>	NPCO	09/2022
<p><b>Component 2 - Coordination meeting with key partners</b></p> <p>To ensure more synergy, complementary and sustainability, hold technical consultations with other partnership partners engaged in nutrition with projects in the same areas for coordinated planning and implementation of the partnership projects</p>	MAF / NPCO, WFP	10/2022
<p><b>Component 2 - Village Nutrition Plans and Community Mobilisation</b></p> <p>As a part of exit strategy, community mobilisation manual needs to be clearly defined with details and practical rules on community contribution in agriculture produces, etc. to support FNS sessions, and integrated community mobilization needed to encourage community contributions and ownership with technical support and following up of the AFN</p>	MAF/NPCO and WFP	10/2022
<p><b>Component 3 - PPCP investment review</b></p> <p>Review investments made by the private partners under PPCP funds and prepare a detailed report on the actual investments (quantities and costs). The internal review is to involve the project but also relevant agencies independent from the project implementation teams (Planning and Investment, District steering committee)</p>	NPCO with relevant GoL agencies	10/2022
<p><b>Component 3 - Compliance with PPCP contracts</b></p> <p>Continue monitoring and reporting on the PPCP contracts, in particular in terms of quantities and value of products bought from APG members</p>	NPCO	10/2022
<p><b>Component 2 - Mainstreaming Nutrition Planning</b></p> <p>Disseminate the PNCs and DNCs the new NPAN and support the DNC to translate the DNP into actions with joint planning of key activities, with possible joint budgeting, joint review, monitoring and reporting of achievements against key government targets related to nutrition related activities</p>	NPCO, PNC, DNC, WFP	11/2022

<p><b>Component 2 - Long-term mandate of village facilitators</b></p> <p>Continue to discuss with PNC and DNC, on how to increase recognition of VFs roles and get VFs formally certified, and mainstream them into village authority structure, to support nutrition related aspects</p>	<p>MAF/NPCO, PNC, DNC, WFP</p>	<p>11/2022</p>
<p><b>Component 3 - All grant funds to be retained by beneficiaries</b></p> <p>The project is to ensure that the grant funds provided for Home Gardens, APG, Infrastructures, PPCP, etc are retained by the beneficiaries beyond project completion</p>	<p>NPCO, project steering committees</p>	<p>12/2022</p>

## E. Project implementation

### a. Development Effectiveness

#### Effectiveness and Developmental Focus

**Effectiveness**

**Rating: 5**

**Previous rating: 5**

#### Justification of rating

49. Based on the above assessment of individual components' effectiveness, the previous rating is maintained, and overall project effectiveness is assessed as satisfactory (5/6). AFN has reached and / or exceeded most of its output targets. The endline survey will confirm whether outcome level indicators targets will be attained. The income related indicator was already partially reached at midline, and the target for food security was already exceeded (see below). The impact of the COVID-19 on household incomes will become apparent during the upcoming endline survey. The project has effectively adapted to this challenging context by mobilising additional funds and extending the project lifetime to further extend services to rural communities during the pandemic.

#### Log-Frame Analysis & Main Issues of Effectiveness

50. The project objectives are likely to be attained: At midline, around 12,000 households were reported out of poverty by an increase in per capita income to more than \$270/year (vs a target of 21,000 Households by Project-end). The target for the second project objective was already exceeded at midline: more than 27,000 households were reported with improved food security (vs a target of 21,000HH).
51. Outcome indicators targets have been reached in terms of strengthened public services: 14 Technical Service Centers have improved capacity to support target farmers (100% of the target) and more than 11,000 households have reported adoption of new/improved inputs, technologies and practices (110% of the target).
52. Expected outcomes related to community driven agriculture-based nutrition interventions (component 2) have also materialised: 334 village have basic convergence plan on food and nutrition (111% of the target) and almost 40,000 women have reported minimum dietary diversity (MDD-W), or 142% of the target.
53. The Outcome indicator target for component 3 (Sustainable and inclusive market-driven partnerships established) has also been exceeded: more than 11,000 households have reported increased income of 30% (116% of the target)
54. The mission has identified the need to properly report on women's active participation as well active participation of youth, ethnic groups and members of poor households. These aspects are addressed in the design of the second phase of the project, through the preparation of a Gender Action Plan and measures for inclusiveness as a mainstreaming priority. AFN II will mobilise a full time assistance to address gender and social inclusion aspects.

#### Development Focus

**Targeting and Outreach**

**Rating: 5**

**Previous rating: 5**

#### Justification of rating

55. The project effectively reaches out to its intended target group (i.e., the population of the 12 AFN target districts, with ethnic groups representing most of the population). Out of the total reached out to as of 31 May 2022 (i.e., 204,256 persons or 90% of the target), 56.9% are women/girls (or 102% of the target), 79% are members of ethnic groups (or 84% of the target), and 58.8% are youth (15-35 years old). The project aligns with its targeting strategy by reaching mostly poor and near-poor households (40.9% and 57.4%, respectively). The targeting performance is monitored adequately, although the mission identified room for improvement for AFN2.

#### Main issues

56. Target area: As of 31 May 2022, the project has reached out to all its 12 target districts in the 4 provinces of Houaphanh,

Oudomxay, Phongsaly and Xieng Khouang as per project design. The mission conducted field visits in 3 out of 12 districts (i.e., La district, Oudomxay province, and Yot-Out and Sampanh districts in Phongsaly province). Per a national programme, small hamlets have been merged into villages to ease administration. The mission noted that the increased number of persons to be managed by one village chief, as well as the enforced merge of ethnic groups with different values, behaviours, beliefs and languages, might require strengthening of local authorities' capacities and resources for a more efficient and effective management and implementation of project activities, among others, at the village level.

57. Target beneficiaries: As of 31 May 2022, the project has reached 204,256 persons (90% of the target), of which 56.9% are women/girls (or 102% of the target), 70% are members of ethnic groups (or 84% of the target), and 58.8% are youth (15-35 years old). Beyond infrastructures, the project activities reaching the highest number of beneficiaries are Farmer Nutrition School, Village Development Planning, Garden Grants and APGs. The number of beneficiaries is not likely to increase by the end of the project as no new activities are envisaged from July to December 2022.
58. Overall, the project activities seem to respond to the needs of the intended target groups under all components (self-targeting) and services and resources are being channelled to intended individuals and households (direct targeting) as per AFN targeting strategy. However, to better measure the extent that the project has benefited its intended target groups, it was agreed to conduct a social impact assessment (focusing on gender, youth, and EM aspects) in parallel with the end-line survey. The assessment will be based on: (i) expert opinion of the implementing agencies and partners; and (ii) beneficiaries' feedback through a survey on a sample of 600 beneficiaries in 12 districts. IFAD and WFP agreed to support the PMU in drafting the questionnaire, which will be used by MAF&WFP project staff in each district to interview 50 people (e.g., five groups of 10 persons each - 50% male, 50% female; interviewed individually).
59. The project M&E system uses participatory monitoring and collection of sex, age, and ethnicity-disaggregated data. Room for improvement has been identified in terms of automated aggregation of data and analysis.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Youth inclusion</b>  Use available data and information on youth inclusion to analyse and document project results (success stories) on successfully empowering young APG members as entrepreneurs	NPCO-M&E-KM	09/2022

**Gender equality & women's participation**

**Rating: 5**

**Previous rating: 5**

**Justification of rating**

60. The project delivers on its gender strategy, with gender considerations being mainstreamed into implementation. Gender-related impacts will be assessed at completion through a specific social impact survey, which will complement the end-line survey. The programme's M&E and learning systems collect sex- and age-disaggregated performance. Improvement is needed in terms of analyses and interpretation of such data and specific assessment of progress on gender equality and women's empowerment, which will be addressed during AFN2.

**Main issues**

61. Women account for 56.9% of total beneficiaries. The project ensures gender-equitable participation in and benefits from planned activities. The only activities registering women participation less than 50% are: lead farmers (21% female); village veterinary workers (12% female); forage development (2% female attendance); demos establishment (14% attendance) and DNC Support (38% attendance). Women and girls' participation in all other activities is greater than or equal to 50%, with a higher percentage of participation in Farmer Nutrition Schools (97% female attendance) and village facilitators (82% female). The latter is an example of how the project has strengthened women's decision-making role in community affairs and representation in local institutions with visible results during field visits. To cite some more, activities like the Garden Grants (100% female target) are examples of women's improved well-being.
62. Sex-disaggregated results are regularly collected by the project, with improvements needed in the analysis. In terms of impact, as stated under the targeting section, the PMU will conduct a social impact assessment survey in parallel with the end-line survey. The assessments will help (i) document the extent of participation by women in project activities, (ii) analyse their share of project benefits; and (iii) assess if and to what extent the project promoted changes at the household level (workload, nutrition status, women's influence on decision-making), at the community level (participation in local elections or decision-making processes, representation in rural groups), and / or changes in gender roles, in gender relations, in women's status, impact of capacity-building activities on individual women or women groups and changes in the institutional or legal framework obtained through policy dialogue or other activities.
63. The socio-cultural and external factors that may have limited progress in gender equity or women's empowerment should also be analysed.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Social / Gender analysis data and information</b> Avail clear and comprehensive disaggregated data and information on women and men, girls and boys participation to project activities together with an assessment of the changes in gender roles, relations and in women and girls status induced by project activities	NPCO Gender Focal Point & Component teams	09/2022

#### **Agricultural Productivity**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

64. The previous rating for Agricultural Productivity is maintained as moderately satisfactory (4/6). The project activities are leading to a moderate increase in agricultural productivity or production in the project target area.

#### **Main issues**

65. The cost benefit analysis conducted by NAFRI to assess production and productivity of the PAR models indicate a significant increase in both production (for newly introduced activities) and productivity (for pre-existing production activities). The CBA report is still being prepared based on a detailed analysis of the collected data.

#### **Nutrition**

**Rating: 5**

**Previous rating: 5**

#### **Justification of rating**

66. Nutrition is assessed as satisfactory (5/6). In line with 22 interventions under NPAN 2021-2025, the nutrition-sensitive interventions are well-planned and implemented in all planned activities at FNS and community level. To support these, PNC and DNC have been strengthened and eight Multi-sectoral District Plans have been developed with joint planning and budgeting and possible for joint review and reporting. Four-module sessions are implemented at FNS, attended by target pregnant women and mother of kids under five years old, with active facilitation of VFs. Nutrition-sensitive activities are inducing positive impacts on stunting levels and underweight rates. FNS has been replicated in other provinces by WFP.

At village level, Village Nutrition Committee and VFs have been selected with trainings provided and Village Nutrition Plans in line with 22 activities have drafted as the basis for the preparation of the district-level nutrition plans. It is observed that same VFs in many convergence districts are used and trained by not only AFN, but also other partnership programmes supported by WB. This has strengthened their skills to perform their functions at community level.

As AFN budget for cooking demonstration sessions will be phased out, the communities have been well-informed on the planned phase-out, and community discussions have been initiated on local contributions to get FNS lessons and cooking demonstrations continued, namely from those receiving GG and APG grants or village-wide contributions, that will refer to the comprehensive community guide, being developed by AFN Project.

#### **Main issues**

67. Once all 12 district-level nutrition plans finalised, AFN will ensure that the joint plans and budgets are fully translated into actions with joint review and reporting through existing PNC and DNC meetings.

68. With key roles of Village Facilitators at FNS, official recognition of the village facilitators by DNC is yet to be clarified and it is key to ensure that they are mainstreamed into village structure to support nutrition-sensitive interventions at community level.

69. Until June 2023, for SBCC, it is crucial to continue to extend the audience to women in reproductive ages from 15-49 years old, as already planned by the project.

70. In villages where support is provided by other projects, there is need to ensure other projects' interventions are taken in account in the village-level nutrition planning to avoid overlaps or gaps.

71. A part from local contribution mobilization to support FNS sessions and cooking demonstrations, it is key to consider options for long-term continuation of farmers nutrition schools and other nutrition-sensitive activities such as village-wide contributions from other nutrition-related projects in the same convergence areas.

#### **Adaptation to Climate Change**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

72. The previous rating is maintained as moderately satisfactory (4/6). Adaptation to climate change interventions are well articulated and targeted 50-75% of interventions identified in the project documents are being implemented as planned with some operational shortcomings, including the use of resources (both human and financial) and/or reporting, but with a reasonable justification

#### **Main issues**

73. The link between identified climate risks, vulnerabilities and impacts and the project interventions are constrained by the lack of downscaled climate information and data. The project has yet to disseminate the available weather information in the LACSA system



74. The PAR models have taken climate change risks in account and have been widely disseminated through demonstrations. Adoption of these models will be measured at end-line survey.
75. Investments in water facilities have visibly contributed to off set risks associated with climate change. Year-round production of vegetable and production of diversified crops in paddy fields will be further scaled up in the second phase as adequate adaptation measures.
76. The detailed SECAP note for AFN2 will provide guidance on identifying climate risks, vulnerabilities and impacts and promoting climate change adaption in the various agro-ecological zones in northern and southern provinces.

## b. Sustainability and Scaling up

<b>Institutions and Policy Engagement</b>	<b>Rating: 5</b>	<b>Previous rating: 4</b>
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### Justification of rating

77. The project has successfully influenced the policy or institutional framework through the enhancement of smallholder participation in policy processes, the production or utilization of evidence in policy processes and / or the increased policy capacity of governments to design and / or implement policies. The sustainability of these changes and activities is yet unproven. The project has had significant influence on the policy or institutional framework. In line with government decentralization policy, AFN Project has engaged existing relevant technical agencies at different levels – MAF, NAFRI, DTEAP and provincial and district technical agencies in supporting project management and implementation. AFN has directly supported key government priority and policy – food security, nutrition and commercialisation. Government existing government structures and working arrangements are strengthened with capacity buildings provided to – DOPF, DTEAP, NAFRI, PAFOs, DAFOs, TSC, PNC, DNC, VNC, VFs, lead farmers, and private sectors and smallholder farmers. Regular dialogues and interactions have been held with key development partners (WB, UNICEF, SNV, Care International, etc.) through meetings – PSC, PNC, DNC, technical meetings, Village Nutrition Day, National Nutrition Day, etc., to support project management and implementation. With support of the AFN, based on District Socio-Economic Development Plans, and in line with 22 interventions of the National Nutrition Strategy to 2025 (NPAN), the District Multi-Sectoral Nutrition Plans are jointly drafted and budgeted, for joint review and reporting against key government targets related to nutrition related activities. A number of lead farmers and village facilitators are trained and formally certified, to support development agendas at community level.

### Main issues

78. With the clear exit strategy and detailed hand-over process, until project completion, with a number of relevant technical agencies, including private sectors and smallholder farmers, in supporting AFN management and implementation, there is a need to have regular policy dialogues and interactions through existing AFN structures and working mechanisms to ensure better coordination and timely delivery of significant results in terms of improved services and technologies to target villages and smallholders.
79. In addition, with lots of capacity buildings provided, clearer roles and formal cognition of the trained lead farmers and Village Facilitators are to be defined and raised up and there is a need to ensure that they are mainstreamed into village structure for full support and contributions to development at community level.

<b>Partnership-building</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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### Justification of rating

80. Overall, the project is fully meeting expectations in terms of potential partners and areas of collaboration. The project has developed and is implementing a clear strategy for leveraging those partnerships towards the goals and objectives of the project. Partners express satisfaction regarding their partnership with the project and typically work together in an effective, transparent, equitable and mutually beneficial way. Documented results are generated in terms of private sector (good private sector partnerships which have led to increased private sector investments), coordination (project team is actively involved in formal coordination mechanisms or processes) and KM & policy (influential partner organizations are providing tangible support). The Project is managed and implemented in close collaboration with project stakeholders, namely the government executing and implementing agencies at central and local levels and WFP and also FAO to provide specific technical support to key project activities (MIS/ProMIS, forage and SIP and contract farming studies), and effective steps have been taken to set-up meaningful collaborations through regular discussions and meetings. Partnership with local implementing agencies at provincial and district levels and beneficiaries is shaped through the establishment of Project Steering Committees, Provincial Nutrition Committee (PNC), District Nutrition Committee (DNC), Village Authorities, Village Nutrition Committee (VNC), FNS Village Facilitators, APGs Management Committees, Infrastructure O&M Committees, and with explicit participation of pregnant women, mothers of kids under 5 years old, poor and ethnic groups in supporting project implementation. In addition, project planning and implementation are carried out through regular coordination with partnership programmes in the same convergence districts, financed by WB, UNICEF, SNV, Care International, etc., for synergy and complementary.

### Main issues

81. Some issues with partnership arrangements have led to slow delivery in some components, namely the development and technical support to the planned 32 APGs that physical activities have to be completed by late Dec 2022. This issue will be improved with technical support of a formed provincial and district GST with detailed final six-month operational plans with clear targets and deliverables and field reporting shared among project partners on a timely manner.



82. Also, AFN Project has to accelerate to coordinate with the convergence agencies (agriculture, health, education, LWU, etc.,) to finalise the four District Nutrition Plans in Houaphanh province during July 2022 and ensure that all the 12 developed District Multi-Sectoral Nutrition Plans are jointly planned, budgeted, reviewed and reported against key government targets related to nutrition related activities.

<b>Human and Social Capital and Empowerment</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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**Justification of rating**

83. The previous rating is maintained as satisfactory (5/6). Poor rural women and men are being supported to develop and their organizations were strengthened. They gain some control over economic relations and institutions and actively participate in local decision-making processes. They are now in a better position to gain access to essential social and productive services.

**Main issues**

84. As the project enters its completion phase, the focus is to ensure that the community-based organisations established and support by the project can sustain their roles and mandates beyond completion. This is particularly critical for village nutrition committees, village nutrition facilitators, lead farmers, village veterinary workers, agriculture production groups and infrastructure O&M committees.
85. These community-based organisations have been visibly strengthened during the project but their ability to mobilise funds to further develop their activities is limited. Village nutrition committees are considering best options to continue supporting village nutrition facilitators and raise in-kind contributions to operate village nutrition schools.
86. APG and lead farmers are facing difficulties in planning for their next rounds of investments, building on the project funded grants and subsidies. The mission discussed these aspects during the mission as clear business cases have been identified with advanced lead farmers and APGs. Access to finance remains a key constraint for rural communities to invest in productive activities.

<b>Quality of Project Target Group Engagement and Feedback</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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**Justification of rating**

87. The previous rating for Quality of target groups engagement and feedback is maintained as moderately satisfactory (4/6). Beneficiaries' views are sought and reflected in the project activities planning, in particular for APG investments, planning of village investment and village nutrition schools, farmers' nutrition schools, etc. There is no formal feedback loop in place, but community mobilisers have a role in collecting feedback from beneficiaries and inform the project team. Beneficiaries' contribution has reached US\$ 4.3 million far exceeding the amount envisaged at the final design (US\$ 2.9 million).

**Main issues**

88. The project has demonstrated that participatory approaches significantly improve target group engagement in planning and decision-making. Planning processes include nutrition planning at village level, farmers' nutrition school activities, APG investments, etc.
89. The project has effectively promoted social inclusion by establishing community-based organisations (CBOs) and building capacity of village nutrition committees, village nutrition facilitators, lead farmers, village veterinary workers, agriculture production groups and infrastructure O&M committees. These CBOs are instrumental in ensuring ownership and adequacy of project interventions in the view of remote upland communities with low level of literacy.
90. Some feedback loop mechanisms are in place, as beneficiaries have had opportunities to express their opinions in the various assessments being conducted. Beneficiaries feed back systems could be made more systematic and a formal grievance mechanism is lacking. These shortfalls will be taken in account for the design of the second phase of AFN.

<b>Responsiveness of Service Providers</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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**Justification of rating**

91. The previous rating is maintained as moderately satisfactory (4/6). The quality of services is varied, with more than half considered to be of acceptable quality. Reports are somewhat informative, mostly delivered with delay. Services provided do not wholly respond to the demands of the rural clientele.

**Main issues**

92. The project, DoPC, FAO and the private service provider have completed the establishment of the Project Management Information System (ProMIS) with adequate instructional, technical and financial arrangements in place to ensure its sustainability.
93. The project has faced some difficulties in managing service providers at subnational level (technical assistance, contractors) and this has had an impact on the quality of services delivered to farmers and the sustainability of infrastructures (access roads in particular).

94. Procurement of the service provider for the end-line survey is on-going. It will be critical to ensure that the selected service provider responds to the project needs and comply with IFAD requirements for the end-line survey.

<b>Environment and Natural Resource Management</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
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#### Justification of rating

95. The previous rating has been revised as moderately unsatisfactory (3/6). There has been negligible improvement in the environment or the natural resource base in the project target area. The pressure on the natural resource base is still high and there are no significant changes in harmful agricultural practices. The pressure on the natural resource base has been slightly reduced but there are no significant changes in current harmful agricultural practices: short rotation slash and burn agriculture remains the dominant cash crops production system in the uplands (maize, cassava). High-standard environmental norms were followed for most project activities at the exception of access tracks investments. The project interventions are small scale and dispersed by nature and they did not generate incremental negative impact on the environment.

#### Main issues

96. The impact of the COVID-19 pandemic on off-farm employment opportunities may have repercussions on natural resources as rural communities may be driven to increase areas dedicated to cash crops production. However, the conflict in Ukraine that has resulted in a sharp increase in the costs of agricultural inputs. Synthetic fertilisers, pesticides and animal feeds have become much more expensive and upland farmers cannot afford them. In this context, the environmental risks related to use of chemicals may be reduced, but organic alternatives are not readily available.
97. Through the demonstrations of Participatory Action Research models, the project has effectively introduced and disseminated environmentally friendly production practices. Wider adoptions of these models will be measured as part of the end-line survey.

<b>Exit Strategy</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### Justification of rating

98. An exit strategy supported by most project stakeholders is being developed. The Exit Strategy is now in its final draft and translated into Lao language and has been sent to PAFOs and DAFOs for comment after which it will go into endorsement process at MAF. Institutional arrangements, legal aspects, ownership and post-project funding are covered, possibly through further support by other on-going development projects in the twelve convergence districts.

#### Main issues

99. The project is to update the exit strategy by August 2022. The draft has been translated into Lao language and is currently being reviewed by MAF, PAFOs and DAFOs for their review prior to MAF endorsement and then followed by formal hand-over process of the key investments (FNS, APGs, etc.) to implementing agencies at provincial and district levels and village authorities and beneficiaries for further support. The mission identified risks in terms of sustainability of investments in road/access tracks, APG development and lead farmers. These risks need to be quantified and addressed as part of the exit strategy. Lessons learned in these areas will be taken in account for the design of the second phase of the project (See below Section H – Lessons Learned).

<b>Potential for Scaling-up</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### Justification of rating

100. The previous rating is maintained as satisfactory. Government and development partners (IFAD, WFP, GAFSP) have confirmed interest in the AFN project approach and have approved the funding for a second phase. The detailed design is on-going. AFN2 will be scaled up in non-convergence districts in Oudomxay, Phongsaly and Xieng Khouang and in the three southern provinces of Salavan, Sekong and Attapeu. The Farmers' Nutrition School approach promoted by AFN1 has already been scaled up by WFP in other areas of the country. The project is consistently gathering and documenting evidence to support scaling up in the second phase.

### c. Project Management

<b>Quality of Project Management</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### Justification of rating

101. The previous rating for the quality of project management is maintained as satisfactory. The project management proactively addresses management issues in line with the design revised at MTR. Steering committees' meetings are held regularly, and their members are informed, involved and active in providing guidance to the project. The 5th project steering committee meeting was held in Xieng Khouang Province during January 24-28, 2022. Overall, implementers at national and subnational levels are guided by the project outputs and outcomes targets and report against these targets. Key management positions have been fulfilled by the same competent team that has been in place for several years.

#### Main issues

102. Project management costs have been significantly reduced in 2022 as reflected in the approved AWPB. However, AFN has deployed significant efforts to implement project activities by delegating roles and implementation to local implementing agencies at district levels with technical support, coaching sessions and following up by central NPCO management team.
103. AFN has received 6-month No-Cost-Extension (NCE) to IFAD managed components, with Project Completion Date on 31 December 2022, and Closing date on 30 June 2023 while the Project Closing Date for WFP supervised activities will last till 30 June 2023.
104. To ensure all the planned activities are implemented by Dec 2022, AFN is recommended to come up with detailed final 6-month operational planning, with clear targets, with regular monitoring and reporting of the achievements. The up-coming end-line survey and the preparation of the Programme Completion Report (PCR) are critical learning documents.
105. The Project Steering Committee and implementing line agencies at provincial and district should play strong leadership roles, encouraging the participation of all stakeholders in the consultative review process. This will ensure high quality analysis and findings supporting sustainable food and nutrition security and value chain development in the provinces and districts in the future.
106. The Mission also recommends that AFN documents key success and lessons learnt from project interventions - APGs, FNS, GG, infrastructures, nutrition related activities, PPCP, etc., from project support itself in view of replication or scaling up and as part of the PCR to be conducted during Q1-2023.

**Knowledge Management** **Rating: 5** **Previous rating: 5**

**Justification of rating**

107. The previous rating of "satisfactory (5/6)" is maintained. 33% of the 2022 KM plan activities have been achieved and the remaining 67% activities are on-going and likely to be achieved by the end of the year. As of 2022, KM implementation responsibilities are assigned to a part-time KM officer within the M&E team. Data from project M&E are usually used to inform KM initiatives and information management is satisfactory

**Main issues**

108. As of 2022, KM implementation responsibilities are assigned to a part-time KM officer within the M&E team. 33% of the 2022 KM plan activities have been achieved and the remaining 67% activities are on going. From July to December 2022, the Project should focus in completing the on-going KM activities as per KM action plan, notably: (i) the "AFN catalogue" (the publication is being drafted in form of a book including information on all of AFN activities, lessons learned, etc. The mission recommends the catalogue to be published in both English and Lao languages as currently it is only in English); (ii) Continuing documenting key success and lessons learnt from project interventions - APGs, infrastructures, FNS, nutrition related activities, PPCP, etc., from project support itself in view of replication or scaling up. Stories should be published on the website of the project, IFAD, WFP and, if appropriate, GAFSP; (iii) Finalization of the KM online library and save key KM products (from 2016 to 2022) on the IFAD xdesk repository created specifically for AFN 1; (v) Together with M&E team and end-line survey Service Provider, formulation of questionnaire for end-line survey and data analysis support; (vi) Continued website and social media maintenance.
109. In terms of the second phase of AFN, the mission discussed the possibility to hire a national KM Officer graduated from a communication/mass media university. English speaking should be a requirement given the international audience of AFN stakeholders. Also, in AFN 2, KM should play a stronger role towards policy influence and strengthened project implementation through quality data analysis and critical thinking.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>KM products</b> Complete all KM products being currently drafted, including the AFN catalogue, initiated success stories, interviews, short videos, web material on all components. Produce at least 2 web stories (what works/what does not work) to be published on the IFAD and project website and social media. Continue producing videos to document successful case studies.	NPCO	12/2022

**Value for Money** **Rating: 4** **Previous rating: 4**

**Justification of rating**

110. The previous rating for Value for Money has been maintained as moderately satisfactory (4/6). Project implementation is somewhat efficient, and the project investments represent satisfactory value for money. Some project activities are implemented with delays or exceeded a realistic budget. This is particularly the case for PPCP investments under component 3.4 and some of the investments in village infrastructures (see component 3.2).

**Main issues**

111. The cost benefit analysis conducted for the demonstrated PAR practices by NAFRI has served as the basis for the Economic and Financial Analysis (EFA) for AFN2. The process is still on-going and when completed it will provide a detailed assessment of the value for money of AFN investments. The endline survey will also provide additional information on value for money for

various types of project interventions.

<b>Coherence between AWPB and Implementation</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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**Justification of rating**

112. The previous rating has been maintained as moderately satisfactory (4/6). The Project is facing some problems in meeting targets and staying within limits of the budget, in particular for operating costs category. A budget reallocation is being prepared. About 70% of activities conform to AWPB. Linkage between budget and results is not always clear. Little use of previous years' experience in preparation of AWPB.

**AWPB Inputs and Outputs Review and Implementation Progress**

113. As of 31 May 2022, the overall execution of the Annual Work Plan and Budget 2022 stands at 41% (USD 1,896,599), i.e., USD 1.9 million executed out of USD 4.6 million budgeted. The executed amount is disaggregated as follows: USD 0.6 million on IFAD-administered grant (38%); USD 0.9 million on WFP-administered grant (36%); USD 0.2 million on GoL contribution (62%); USD 0.1 million on beneficiaries (1243%).

**Table – Financial progress vs AWPB 2022 as of 31 May 2022 (in USD)**

	<b>AWPB 2022</b>	<b>Disbursed from Jan to May 2022</b>	<b>% Disbursed</b>
<b>GAFSP-IFAD</b>	1,617,333	608,183	38%
<b>GAFSP-WFP</b>	2,775,850	986,443	36%
<b>GoL</b>	246,635	152,780	62%
<b>Beneficiaries</b>	12,000	149,193	1243%
<b>Total</b>	<b>4,651,817</b>	<b>1,896,599</b>	<b>41%</b>

114. The project has experienced some delays in implementing some the AWPB activities, while the rainy season has already started. Some APG grants are still pending, garden grants are still being provided to beneficiary households and repair works for village infrastructure are still on-going.

115. In the remaining six months before completion date, the project is to take adequate measures to ensure that all physical activities are completed before 31 December 2022 for IFAD funded interventions. WFP funded activities are to be completed by June 2023.

<b>Performance of M&amp;E System</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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**Justification of rating**

116. The previous rating (4/6) has been maintained. The M&E system has some shortcomings, reporting limited to outputs and activities. Managers make some use of M&E information for planning or decision-making

**M&E System Review**

117. In view of the completion review process and transition to AFN 2, some adjustments to the current M&E system have been discussed and agreed during the mission.

118. In the Logframe, the percentages of women and men at outreach level was reviewed and corrected as shown in the table below. The correction will be reflected in ORMS upon clearance of this SM report.

<b>Outreach – Persons receiving services promoted or supported by the project</b>	<b>Disaggregated figures and % currently in ORMS (Jul 2022)</b>		<b>Correct disaggregated figures and % to be reflected in ORMS</b>	
<b>Female</b>	146 538	129%	<b>116 243</b>	<b>56.9%</b>
<b>Male</b>	57 718	51%	<b>88 013</b>	<b>43.1%</b>

<b>TOTAL</b>	<b>204 256</b>		<b>204 256</b>	
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119. The M&E database structure is to be consolidated and mistyped data needs to be corrected. Once reviewed, the M&E database is to be saved on IFAD xdesk (together with the LF and KM products) in order to have access to data for AFN 2 design and planning of activities.
120. Based on the experience of AFN 1, an automated bilingual (English and Lao - at least for titles and main descriptions) to be created for AFN 2, including a summary table of project beneficiaries disaggregated by sex, age and ethnicity. To prevent double counting of beneficiaries participating to the different project activities (e.g., male for APG, female for FNS of the same HH), the project will develop a system of HH & beneficiary IDs or serial numbering (such as IFAD-funded ASPIRE project in Cambodia).
121. Moving forward, a culture of critical thinking/analysis of data is also to be reinforced among project staff, ensuring more detailed analysis of collected data. It is expected that NPCO will retain the most competent M&E staff at district level for AFN 2 and/or allow them to train new staff based on the knowledge acquired during AFN 1.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Monitoring and Evaluation</b> Establish automatic data aggregation in the M&E database of district level data. Add English translation of data labels in all spreadsheets (all activity databases) of the aggregated database. Ensure disaggregated data are easily retrievable for analysis and decision-making purposes. Save database on the IFAD xdesk for back-up	NPCO-M&E-KM	08/2022

**Social, Environment, and Climate Standards requirements**

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

122. The previous rating is maintained as moderately satisfactory (4/6). The IFAD guidance for SECAP performance notation has been recently updated but AFN was designed prior to the SECAP being made mandatory. However, the project was designed based on an extensive environment and climate change assessment. The Environment and Social category remain as B considering that there are no major negative impacts from project interventions on the environment and natural resources. The project may have some adverse environmental and/or social impacts that are site-specific, reversible in nature and readily remedied by appropriate preventive actions and/or mitigation measures. In particular, the project should ensure proper application of environmental sustainability measures for roads and other infrastructures. Poorly constructed and/or maintained access tracks may have negative social impacts in terms of constraints to access productive areas and potentially generate additional costs to undertake repairs.

#### SECAP Review

123. SECAP review against the required elements is not applicable as these are missing in the project design. For further information on environment, natural resources, and climate change issues, see above sections (i) Adaptation to climate change and (ii) Environment and natural resource management.
124. The current phase of AFN has informed the design of the AFN II, in particular to improve the environmental and social monitoring, screening and mitigation processes are embedded in the design of the second phase. The design has included adequate resources, such as technical assistance for SECAP compliance in order to ensure the screening processes and mitigation measures are implemented as described in the Environmental, Social and Climate Management Plan.

### d. Financial Management & Execution

**Acceptable Disbursement Rate**

**Rating: 5.0**

**Previous rating: 5**

#### Justification of rating

125. The disbursement performance of IFAD-funded projects is rated by the indicator "Acceptable Disbursement Rate", which is auto-calculated based on the Project Disbursement Profile (PDP) of the IFAD supervision guidelines. The rating of AFN at the time of the mission is [auto calculated]

#### Main issues

126. The project entered into force on 28 April 2016. The first disbursement was done on 2 September 2016, and the latest one was registered on 28 February 2021. The project is in the final year of implementation and the disbursement rate stands at 100% for the Grant N° 2000001548. This means the total allocated funds of USD 24 million have been fully disbursed to the project. The project is currently recovering the initial advance; the outstanding balance is USD 875,960.30.
127. In late 2020 GAFSP approved Additional Funding for AFN for USD 3.8 million, divided over the supervising entities of IFAD (USD 1.5 million) and WFP (USD 2.3 million). The WFP funds have been received by WFP-Laos; the IFAD Additional Financing was

signed by the MOF on 6 April 2021. An amount of USD 877,307.18 has been disbursed to the project under the AF as of 31 May 2022.

128. The submission of Withdrawal Applications has been done through ICP since December 2019. The ICP system has been efficiently used by the project and MOF, reflecting the high disbursement rate for the life of the project to now.

### Fiduciary aspects

**Quality of Financial Management**

**Rating: 4**

**Previous rating: 5**

#### Justification of rating

129. The performance of the project for Financial Management has been strengthened due to many years of project experience, especially the Finance Officer who is highly skilled in her work. At the NPCO level, the project is using a computerized accounting system, but at the PAFO and DAFO levels are using excel spreadsheets. Also, the project has progressed in complying with the IPSAS Cash basis of accounting for the preparation of their Financial Statements. The AWPB 2022 was submitted late to IFAD on the 9 December 2021 instead of the due date 30 October 2021. The AF operating cost category V was overrun by 68.99% as of 31 May 2022 from the total appraisal budget amount without no objection or the approved reallocation from IFAD.

#### Main issues

130. The accounting of the project is carried out in off-the-shelf accounting software (PAS - Project Accounting Software). The financial reports produced by the system include Sources and Uses of Funds by Financier, Component and Category, Balance sheet, and Trial Balance. The only fallback is that the budget figures are not captured in the system and the tracking of actual expenditure against planned is done through an excel spreadsheet.

131. The AWPB 2022 was developed by NPCO with participation from PAFO/DAFO and DTEAP-NAFRI and was approved by IFAD on 31 December 2021.

132. The project carried out regular technical support missions to the provinces and districts to monitor progress, coach project staff, and solve local issues whenever they occurred.

133. The NPCO, PAFOs, and DAFOs are adequately staffed and equipped to record the transactions and submit periodical financial reports to IFAD regularly. The monthly reports from the field offices are obtained and the same is fed into the PAS accounting software at the NPCO to generate the monthly, quarterly, and annual financial reports.

134. The system of fixed asset management has been fully established; asset tagging and verification have been conducted at the end of the financial year 2021. In 2022 there was no purchase of fixed assets.

135. The amount of the Additional Grant is USD 1.5 million and in compliance with the revised LTR, the project opened separate Project Accounts (PA) for the AF denominated in Lao kips (LAK) at the National Project Coordination Office (NPCO), the District Agriculture and Forestry (DAFOs) of participating districts where project activities will be implemented and at the Department of Technical Extension and Agro-Processing (DTEAP). The Recipient is not required to open a separate DA. Under Imprest arrangements, the maximum authorized allocation for the AF is USD 300,000.

136. The accumulated expenditure for Cat V: Operating cost is currently overrun the total budget by 68.99% as of 31 May 2022. The appraisal amount of USD 100,00 against the actual expenditure of USD 168,986. The project claimed that the original budget amount was very low and will request a reallocation request to IFAD for consideration.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Budget Reallocation</b> Submit budget reallocation to IFAD	NPCO	07/2022
<b>The project to follow the templates provided during the training of August 2018 to comply with IPSAS Cash Basis of accounting</b>	NPCO	

**Quality and Timeliness of Audit**

**Rating: 4**

**Previous rating: 5**

#### Justification of rating

137. The annual audited Financial Statements provided by the project substantially comply with agreed terms of reference and the IFAD Handbook for Financial Reporting and Auditing. The audit report for 2021 has been completed at the time of the mission by the auditor and was submitted to IFAD on the 29 June 2022. The audit report 2021 is under FMD review and will be assessed later. The main observation is the audit opinion para of the audit report is inconsistent with the ISA 700 requirements and should be redone (presentation of the opinion para should be redone).

#### Main issues

138. Overall, the audits find the project financial control system to be adequate and in compliance with prevailing regulations of IFAD and MOF. However, the audit reports for 2021 highlight some areas for further improvement, which include issues related to the following:



- incomplete supporting documents and book-keeping
- the outstanding issue in the observations related to the registration of employees in the Social Security Organization (SSO)
- Personal Income Tax (PIT) calculation and submission.

139. Out of 4 previous recommendations, 1 has been fully implemented, 2 partially implemented, and 1 not implemented.

140. The 2 partially implemented items: (i) The amount of Social Security Organization (“SSO”) should be excluded before calculation of PIT, the management response is that the difference amount of PIT calculation per estimation by EY and per Tax declaration by the project is because the project did not register with SSO for the project’s employee (ii) Monitoring of supporting documents and bookkeeping should be improved, the management response is that the project will make extra efforts to conduct checking, reconciliation and scanning through GL and JV and supporting documents on monthly basis. The 1 not implemented is the long outstanding issue on the observations related to the registration of employees in the Social Security Organization (SSO), the management response is that the registration of social security for project consultants is done voluntarily by decision of individual consultants.

<b>Counterparts Funds</b>	<b>Rating: 6</b>	<b>Previous rating: 5</b>
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**Justification of rating**

141. Counterpart funds remain to be rated as highly satisfactory (6/6). The Mission is pleased to notice that funds provided by GOL in the year 2022 are above the annual target (+116.76%) given that calculation is only up to 31 May 2022, and the cumulative disbursements are at 103.89% of the appraisal target. There is adequate documentation to support the contribution, although the project needs to update the recording and summarize the contribution table provided by IFAD. The high percentage for the Beneficiary of 1,243% is due to the high contribution from farmers in terms of woods, labor, forage, and other livestock equipment.

**Main issues**

142. GOL will contribute USD 5,420,000 of the total AFN project costs, which comprises salaries to GOL staff, taxes, support for rural infrastructure, land use registration, office space rental, and contribution to Village Infrastructure Plan (VIP) costs, and small operating and maintenance expenditures. As of 31 May 2022, the contribution of the GOL is USD 4,398,384 (81.15%). The figures include tax exemption, salaries of government staff working for the project at NPCO, provincial and district levels, and office space rental. Contribution to the implementation of the program is also expected from the private sector (USD500,000) in form of investments in the agri-business under the Public-Private Community Partnership (PPCP) activities. The contribution of the Private Sector is USD 470,360 (94.07%). The project beneficiary contribution is estimated at USD 2.9 million in the form of labor and local materials to facilitate the implementation of the project, specifically in the APG and VIP investments. So far, beneficiary contribution amounts to USD 4,295,881 (148.13%). For the AF the planned government contribution of USD 57,000 covers taxes, duties and some rural infrastructure, land use registration, salaries for technical and project coordinators, and operating costs an amount of USD 57,639 (101.12%).

143. The contribution of beneficiaries is provided in-kind and consists of labor and materials. Designs and estimated costs are prepared by technical staff at DAFOs or the District Public Work and Transport Office (for irrigation and road) or the District Health Office (for water supply). The DAFOs and PAFOs set the costs through a Project Unit Cost Database which provides an average rate for building materials and unskilled and skilled labor per district.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>The contribution of GoL in terms of salaries should only be to the extent of persons working for the project on a pro-rata basis</b>	NPCO	

<b>Compliance with Loan Covenants</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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**Justification of rating**

144. The project has complied with most of the legal covenants of the Financing Agreement and the Letter to the Borrower.

**Main issues**

145. The financing covenants are generally complied with. The NPCO developed a Project Implementation Manual and financial management manual to ensure transparency and publicity in the implementation of the project activities. The PIM also includes provisions to ensure the procurement has been done fully in compliance with the rules and regulations of MOF and IFAD.

146. As reflected in Appendix 3, some partially complied covenants need the project's attention as follows: (i) All contracts are being maintained in the Register of Contracts are updated regularly but not submitted to IFAD Country Programme Manager; (ii) All goods and buildings used in the project shall be insured against such risks and in such amounts as shall be consistent with sound commercial practice. Office equipment and buildings are not insured. Only vehicles are insured; (iii) The project shall ensure key personnel against health and accident risks to the extent consistent with sound commercial practice. Project staff is taking their insurance.

147. The 5th project steering committee meeting was held in Xieng Khouang Province during January 24-28, 2022.

148. The 2022 AWPB was due for submission on 30 October 2021 but the project was submitted for IFAD No Objection on 9 December 2022 and was approved by IFAD on 31 December 2021.

149. The Financial Statements shall be delivered to the IFAD within four months after the end of each financial year but are delivered at the same time as the audit report, usually after the due date of 30 April each year.

**Procurement**

**Procurement** **Rating: 4** **Previous rating: 4**

**Justification of rating**

150. The previous rating for Procurement has been maintained as moderately satisfactory (4/6). Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely.

**Procurement Review**

151. The approved PP for 2022 on 11 January 2022 were reviewed. In general, the PPs have followed the IFAD template with methods and thresholds entered and costs in the “actuals” rows were updated. The total budget of the PP for 2022 is USD 957,237.3. Some errors were found, such as some packages are not non-consulting services contracts; some contracts that use WFP fund are managed and procured by WFP; some combined contracts need to be separated. These issues were discussed with the Procurement Officer of NPCO for correction during the mission. NPCO added a new package, named “Project IT equipment for Zoom meeting Equipment” into the PP. After revision, the total budget of the PP is USD 505,487.3 and LAK 559,954,400. The PP will need to be resubmitted to IFAD for NO.

152. The implementation of the PP in the first 6 months of 2022 was very good as 100% of goods packages, 100% of works packages, and 33.3% of consultancy packages (17% of the planned value) were procured. The procurement of Endline Survey Consultant is on-going. NCPO is advised to accelerate the procurement process to ensure that the Endline Survey Consultant can carry out the work in the last quarter of this year.

153. A review of procurement documents for the access road in Lao Pan II Village in Samphan District, Phongsaly Province showed that the contract was included in the “3.2.1.9 Grants to village accounts for approved infrastructure proposals” package (USD 2,030,000) in Goods category. Although a full RFQ was submitted to the mission and reported to be issued and distributed by the Village Authorities to prospective bidders, the documentation on this was not clear, this will need to be improved for AFN 2. This contract should have been separated and put in Works category.

154. Contracts were managed by VITs with technical support from DAFOs. The contract form used for NS is taken from GOL’s template. No advance payment was granted for contracts in villages and no performance guarantee was required. The payment was made one time after the contract is completed and a handover certificate is issued (certified by the village chief). The contract implementation was generally carried out within the schedule and no contract amendment was noted. In general, payments to contracts were made timely with a few cases where delays were observed due lengthy approval process.

155. ICP-CMT system was rolled out in Laos in 2020. The review mission in 2021 requested that all contracts under AFN implementation from the 1 January 2020 onward (goods, works, consulting services, non-consulting services, PPCP grants, VIP Infrastructure grants, APG grants) need to be updated regularly into ICP-CM. However, by this mission, a total of 220 contracts were entered into ICP-CMT system. The total value of the entered contracts was only USD 2.1 million versus USD 9.6 million in PP for 2020 and USD 0.4 million in PP for 2021. Obviously, many goods and works contracts specified in PPs for 2020 and 2021 have not been entered.

156. At NPCO, records for contracts were filed for each province/district and categorized for works, goods, and services. NCPO started scanning hard copies to keep them in digital format. The original copies of contracts are stored at DAFOs in cabinets at DAFO offices. NPCO and DAFOs were able to provide procurement documents timely as requested by the mission. PRM update showed that the procurement risk of this Project is low.

157. NPCO has a PO, a Procurement Assistant, and a Procurement Consultant (part-time). The contract of the Procurement Assistant already completed. The contract of the PO will be finished in July 2022. The Procurement Consultant still has some small inputs till December 2022. The mission advises NPCO to remain the PO at least to the end of December 2022 for the remaining Project’s procurement works.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Procurement</b> Revise Procurement Plan for 2022	NPCO	07/2022
<b>Procurement</b> Continue to enter contracts into ICP-CMT system	NPCO	

**e. Key SIS Indicators**

**Likelihood of Achieving the Development Objective** **Rating: 4.62** **Previous rating: 4.62**



## F. Relevance

**Relevance**

**Rating: 5**

**Previous rating: 4**

### Justification of rating

158. The previous rating for Relevance is maintained as satisfactory (5/6). The current design is mostly consistent with the needs of the target groups as well as IFAD and Government policies and national priorities set out in the Socio-Economic Development Plan (SEDP) and the National Nutrition Strategy and Plan of Action (NPAN). Proposed interventions and implementation modalities are largely appropriate given the context and the internal project logic is coherent. COVID-19 and the conflict in Ukraine are affecting the livelihoods of remote rural communities, and in this challenging context, the project interventions are still relevant. Necessary adaptations have been included in the design of the second phase, focusing on nutrition and gender transformative approaches.

### Main issues

159. The project target communities have been directly affected by the COVID-19 pandemic impacts on the local and regional economy. Rural communities have been affected by interruption of cross-border trade and by reduced off-farm income such as wages from casual labour, rural employment, or remittances. These impacts are further compounded by the conflict in Ukraine that has caused an increase in the price of agricultural production inputs: fertilisers, animal feeds, etc. In addition, the country is facing structural financial issues that have generated devaluation and inflation. Fuel shortages and rising retail fuel prices have made commercial farming more risky and less profitable. In these challenging circumstances, the project has brought and continues to provide vital support to remote rural communities.

160. The project approach based on decentralisation and participatory planning has been instrumental in building local capacities to face and adapt to the current challenges.

## G. Project Modifications

Responsibility	Modification type	Description
Project and IFAD	Reallocation	Cf FM section above: The accumulated expenditure for Cat V: Operating cost is currently overrun the total budget by 68.99% as of 31 May 2022. The appraisal amount of USD 100,00 against the actual expenditure of USD 168,986. The project claimed that the original budget amount was very low and will request a reallocation request to IFAD for consideration.

## H. Lessons Learned

### Investments in agricultural value chains

161. APGs have received grants from the project to invest in a wide range of production activities. The investment plans are limited to the implementation of these grants but do not plan for subsequent investment rounds. APGs and lead farmers require basic business planning support to mobilise resources, identify market opportunities and invest in the production and post-harvest operations.

162. The business environment in which APG and SME operate in remote uplands is not conducive to investment. Access to finance and contract enforcement are critical constraints that will be taken in account in the design of the second phase. The PICSA project has adopted a different approach based on multi-Stakeholder platforms (MSP) to identify investment opportunities and strengthen the link between producers' groups and buyers of agricultural products. This approach also involves input suppliers, financial institutions, and other development initiatives. Although it is still in the early stages, a stock take will be conducted to inform AFN2 approach to value chain interventions.

### Sustainability of rural access tracks

163. Some of the investment in rural access tracks have a high investment cost and limited potential for sustainability. Maintenance of rural tracks in steep slopes is beyond the capacity of the rural communities. The viability of such investment will be considered during the detail design process for the second phase of AFN, giving priority to interventions that have a direct impact on nutrition and poverty reduction.

## I. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Overview and Project Progress</b>		
<b>Component 1 - Cost Benefit Analysis of PAR</b> Analyse all CBA data and prepare a CBA report highlighting the PAR models that generate high value for money	NAFRI	07/2022
<b>Component 1 - Lead farmers / rural entrepreneurs</b> Support the most advanced lead farmers who produce inputs to access business planning advice, finance and equipment to expand their business	PAFO/DAFO	07/2022
<b>Component 3 - Monitoring of APG grant implementation</b> Accelerate transfer of the last remaining APG grants and monitor their implementation by the APG themselves; (28 APG received grants but yet to be implemented, and 4 groups are still reviewing the proposals)	NPCO	08/2022
<b>Component 3 - APG funds management</b> Ensure all APG have bank books and maintain the accounting record keeping system in place	NPCO	09/2022
<b>Component 2 - Coordination meeting with key partners</b> To ensure more synergy, complementary and sustainability, hold technical consultations with other partnership partners engaged in nutrition with projects in the same areas for coordinated planning and implementation of the partnership projects	MAF / NPCO, WFP	10/2022
<b>Component 2 - Village Nutrition Plans and Community Mobilisation</b> As a part of exit strategy, community mobilisation manual needs to be clearly defined with details and practical rules on community contribution in agriculture produces, etc. to support FNS sessions, and integrated community mobilization needed to encourage community contributions and ownership with technical support and following up of the AFN	MAF/NPCO and WFP	10/2022
<b>Component 3 - PPCP investment review</b> Review investments made by the private partners under PPCP funds and prepare a detailed report on the actual investments (quantities and costs). The internal review is to involve the project but also relevant agencies independent from the project implementation teams (Planning and Investment, District steering committee)	NPCO with relevant GoL agencies	10/2022
<b>Component 3 - Compliance with PPCP contracts</b> Continue monitoring and reporting on the PPCP contracts, in particular in terms of quantities and value of products bought from APG members	NPCO	10/2022
<b>Component 2 - Mainstreaming Nutrition Planning</b> Disseminate the PNCs and DNCs the new NPAN and support the DNC to translate the DNP into actions with joint planning of key activities, with possible joint budgeting, joint review, monitoring and reporting of achievements against key government targets related to nutrition related activities	NPCO, PNC, DNC, WFP	11/2022
<b>Component 2 - Long-term mandate of village facilitators</b> Continue to discuss with PNC and DNC, on how to increase recognition of VFs roles and get VFs formally certified, and mainstream them into village authority structure, to support nutrition related aspects	MAF/NPCO, PNC, DNC, WFP	11/2022

<p><b>Component 3 - All grant funds to be retained by beneficiaries</b></p> <p>The project is to ensure that the grant funds provided for Home Gardens, APG, Infrastructures, PPCP, etc are retained by the beneficiaries beyond project completion</p>	<p>NPCO, project steering committees</p>	<p>12/2022</p>
<p><b>Development Effectiveness</b></p>		
<p><b>Youth inclusion</b></p> <p>Use available data and information on youth inclusion to analyse and document project results (success stories) on successfully empowering young APG members as entrepreneurs</p>	<p>NPCO-M&amp;E-KM</p>	<p>09/2022</p>
<p><b>Social / Gender analysis data and information</b></p> <p>Avail clear and comprehensive disaggregated data and information on women and men, girls and boys participation to project activities together with an assessment of the changes in gender roles, relations and in women and girls status induced by project activities</p>	<p>NPCO Gender Focal Point &amp; Component teams</p>	<p>09/2022</p>
<p><b>Project Management</b></p>		
<p><b>Monitoring and Evaluation</b></p> <p>Establish automatic data aggregation in the M&amp;E database of district level data. Add English translation of data labels in all spreadsheets (all activity databases) of the aggregated database. Ensure disaggregated data are easily retrievable for analysis and decision-making purposes. Save database on the IFAD xdesk for back-up</p>	<p>NPCO-M&amp;E-KM</p>	<p>08/2022</p>
<p><b>KM products</b></p> <p>Complete all KM products being currently drafted, including the AFN catalogue, initiated success stories, interviews, short videos, web material on all components. Produce at least 2 web stories (what works/what does not work) to be published on the IFAD and project website and social media. Continue producing videos to document successful case studies.</p>	<p>NPCO</p>	<p>12/2022</p>
<p><b>Financial Management &amp; Execution</b></p>		
<p><b>Procurement</b></p> <p>Revise Procurement Plan for 2022</p>	<p>NPCO</p>	<p>07/2022</p>
<p><b>Budget Reallocation</b></p> <p>Submit budget reallocation to IFAD</p>	<p>NPCO</p>	<p>07/2022</p>
<p><b>The project to follow the templates provided during the training of August 2018 to comply with IPSAS Cash Basis of accounting</b></p>	<p>NPCO</p>	
<p><b>The contribution of GoL in terms of salaries should only be to the extent of persons working for the project on a pro-rata basis</b></p>	<p>NPCO</p>	
<p><b>Procurement</b></p> <p>Continue to enter contracts into ICP-CMT system</p>	<p>NPCO</p>	

## **Lao People's Democratic Republic**

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### **Strategic Support for Food Security and Nutrition Project - GAFSP funds**

### **Supervision Report**

### **Logical Framework**

Mission Dates: 16 - 30 June 2022

Document Date: 03/08/2022

Project No. 2000001131

Report No. 6174-LA

Asia and the Pacific Division  
Programme Management Department



Strategic Support for Food Security and Nutrition Project - GAFSP funds

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project							Project Report	Annual	project management	
	Males			113 900		57 718	50.674				
	Females			113 900		146 538	128.655				
	Young					0					
	Indigenous people			170 850		143 119	83.769				
	Total number of persons receiving services			227 800		204 256	89.665				
	1.a Corresponding number of households reached							Project Report	Annual	project management	
	Women-headed households			1 000		710	71				
	Non-women-headed households			33 000		29 776	90.2				
	Households			34 000		30 486	89.7				
1.b Estimated corresponding total number of households members											
Household members		227 800	227 800		204 256	89.7					
Project Goal Contribute to reduced extreme poverty and malnutrition	incidence malnutrition (height for age) among two year old children reduced from 60% at present to 50% by project completion							LAOS Social Indicator Survey (LSIS) for Children under 5	every 5 years (2022)	Ministry of Health	
	malnutrition			50							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
<b>Development Objective</b> Improved and diversified climate resilient agricultural production and household nutrition enhance life prospects	21,000 HH out of poverty by increasing per capita income from the current level to more than \$270/yr by Project-end							Baseline Survey	Mid line and end line	project management	Continued government commitment to multi- sectoral approaches to improved food security and nutrition; Resource access and land security of poor communities is supported and expanded.
	Households		8 000	21 000							
	Indigenous people			15 750							
	At least 21,000 households with improved food security (measured as a HFIAS score of 7.0 or lower)							Baseline Survey using score of 11 MAHFP	Project start, mid-term and end-project	project management	
	Households		8 000	21 000							
	Indigenous people			15 750							
<b>Outcome</b> 1. Strengthened public services	14 Technical Service Centers improved capacity and support to target farmers							Project M&E	Annual	project management	DAEC, NAFRI and TSC collaboration for technology testing and dissemination; Comprehensive mapping and use of proven/tested tools within country and Asian region TSC's incentivised to operate sustainably Programme financing is disbursed in time to support field implementation.
	service centres			14							
	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices							Project M&E	Annual	project management	
	Total number of household members			67 000							
	Households			10 000							
<b>Output</b> 1.1 Build government staff capacities and procedures and technical packages to support and converge community implementation of selected National Nutrition Strategy interventions	At least 9 guidelines and tools developed and implemented on a project-wide level: Finance, procurement, planning M&E, PPCP, APG, Garden Grand, Infrastructure, PAR, and F2F							Project M&E records	Annual	project management	Technical coordination is responsive to the grassroots level needs. Effective mobilization of service providers and experts within govt. and non-state actors
	guidelines/tools			9							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
<b>Outcome</b> 2. Community-driven agriculture-based nutrition interventions established	300 Village Development Committees have a basic convergence plan on food and nutrition							Project M&E	Annual	WFP	VDPs are prepared and implemented at field level; Service providers successfully transfer participatory development skills to district administrations; Programme financing is disbursed in time to support field implementation; Convergence with other programmes and nutrition initiatives
	Basic convergence plan		100	300	109						
	1.2.8 Women reporting minimum dietary diversity (MDDW)							Baseline Survey	Project start, mid-term and end-project	project management	
	Women (%)			100							
	Women (number)			28 000							
	Households (%)			80							
	Households (number)			22 400							
	Household members			150 000							
Indigenous			21 000								
<b>Output</b> 2.1 Planning for improved nutritional outcomes	12 District Nutrition Committees hold at least two meeting per year to develop, coordinate and implement a convergence plan on food and nutrition							Project M&E	Annual	WFP	
	District			12	2						
	28,000 beneficiary households participate in VDP preparation							Project M&E	Annual	WFP	
	Households			28 000							
	Males			14 000							
	Females			14 000							
Indigenous people			21 000								
<b>Output</b> 2.2 Women-led improvement in household nutrition	1.1.8 Households provided with targeted support to improve their nutrition							Baseline Survey	Project start, mid-term and end-project	project management	
	Total persons participating			30 000		29 791	99.303				
	Males			6 000		5 867	97.783				



Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
	Females			24 000		23 924	99.683				
	Households			21 000	1 097	21 006	100.029				
	Household members benefitted			140 700		167 199	118.834				
	Indigenous people			15 750		22 385	142.127				
	Young					0					
<b>Outcome</b> 3. Sustainable and inclusive market-driven partnerships established	10,000HH participating the the project activities increase income by 30%.							Baseline Survey	Project start, mid-term and end-project	project management	Adequate and timely solutions provided to smallholders (aggregation, technology and policy, financing); Contract farming and cooperative laws put in place and implemented by GoL institutions to ensure fair treatments and reasonable benefits for farmer groups/ associations and cooperatives; Productivity improvements in areas with continued growth in market demand; Villages receive fair terms of trade for their products
	Males			33 500							
	Females			33 500							
	Indigenous people			50 250							
	Households			10 000							
<b>Output</b> 3.1 Profitable investment in nutrient-sensitive, climate-adapted agriculture	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated							Project M&E	Annual	project management	
	Hectares of land			300	1	560	186.667				
	2.1.5 Roads constructed, rehabilitated or upgraded							Project M&E	Annual	project management	
	Length of roads	0	200	400		757	189.3				
<b>Output</b> 3.2 Linking farmers to markets	At least 7 private or public-private partnership agreement signed and implemented							Project M&E system	Annual	project management	
	Agreement Implemented			7							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2022)	Cumulative Result (2022)	Cumulative Result % (2022)	Source	Frequency	Responsibility	
	2000HH benefiting from the PPCP							Project M&E	Annual	project management	
	Households			2 000							

## Lao People's Democratic Republic

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### Strategic Support for Food Security and Nutrition Project - GAFSP funds

### Supervision Report

### Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 16 - 30 June 2022

Document Date: 03/08/2022

Project No. 2000001131

Report No. 6174-LA

Asia and the Pacific Division  
Programme Management Department



**Country:** LAO People Democratic Republic  
**Project:** Stratagic Support for Food Security and Nutrition Project  
**Grant Number :** 200001548 and 200003685  
**Supervision mission dates:** 16-30/06/2022

**Appendix 1:** Disbursement by financier, financial performance by component and disbursement category  
 As of 31 May 2022

**Table 1A:** Financial performance by financier

Financier	Appraisal	Disbursements	Percent disbursed
<b>Grant No. 1548</b>			
GAFSP IFAD	24 000 000	23 574 191	98.23%
GAFSP WFP	6 000 000	5 633 405	93.89%
Govt of Lao	5 420 000	4 398 384	81.15%
Beneficiary	2 900 000	4 295 881	148.13%
Private Sector	500 000	470 360	94.07%
<b>Total</b>	<b>38 820 000</b>	<b>38 372 221</b>	<b>98.85%</b>
<b>Additional Financing No. 3685</b>			
IFAD Grant	1 500 000	767 610	51.17%
IFAD Grant WFP	2 300 000	826 185	35.92%
Government	57 000	57 639	101.12%
<b>Total</b>	<b>3 857 000</b>	<b>1 651 434</b>	<b>42.82%</b>
<b>Grand Total</b>	<b>42 677 000</b>	<b>40 023 655</b>	<b>93.78%</b>

\* Including the initial advance

Country: LAO People Democratic Republic  
 Project: Stratagic Support for Food Security  
 Grant Number : 200001548 and 200003685  
 Supervision mission dates: 16-30/06/2022

Appendix 1: Disbursement by financier, financial performance by component and disbursement category  
 As of 31 May 2022

Table 1B: Financial performance by component and by financier (actual expenditure)

Component	Fund grant number 200001548			GAFSP WFP			Government of Lao PDR			Benificiaries			Private Sector			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Component 1 :Strengthened Public Services	3 503 720	4 119 463	117.57%				258 000	64 489	25.00%			0.00%				3 761 720.15	4 183 951.82	111.22%
Component 2 :Nutrition Sensitive planning	-	-	0.00%	6 000 000	5 633 405	93.89%	443 672	-								6 443 671.87	5 633 405.00	87.43%
Component 3 :Sustainable and inclusive market driven partnerships	15 867 890	14 745 672	92.93%				2 323 000	149 049	6.42%	2 900 000	4 295 881	148.13%	500 000	470 360	94.07%	21 590 890.47	19 660 961.94	91.06%
Component 4: Project management	4 628 389	4 709 055	101.74%				2 395 328	4 184 847	174.71%			0.00%				7 023 717.51	8 893 902.15	126.63%
<b>Total</b>	<b>24 000 000</b>	<b>23 574 191</b>	<b>98.23%</b>	<b>6 000 000</b>	<b>5 633 405</b>	<b>93.89%</b>	<b>5 420 000</b>	<b>4 398 384</b>	<b>81.15%</b>	<b>2 900 000</b>	<b>4 295 881</b>	<b>148.13%</b>	<b>500 000</b>	<b>470 360</b>	<b>94.07%</b>	<b>38 820 000.00</b>	<b>38 372 220.91</b>	<b>98.85%</b>

Component	Fund grant number 200003685			GAFSP WFP			Government of Lao PDR			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Component 2 :Nutrition Sensitive planning	-	-	0.00%	2 300 000	826 185	35.92%	-	-		2 300 000.00	826 185.00	35.92%
Component 4: Project management	1 500 000	767 610	51.17%				57 000.00	57 638.83	101.12%	1 557 000.00	825 248.95	53.00%
<b>Total</b>	<b>1 500 000</b>	<b>767 610</b>	<b>51.17%</b>	<b>2 300 000</b>	<b>826 185</b>	<b>35.92%</b>	<b>57 000</b>	<b>57 639</b>	<b>101.12%</b>	<b>3 857 000.00</b>	<b>1 651 433.95</b>	<b>42.82%</b>

**Country:** LAO People Democratic Republic  
**Project:** Stratagic Support for Food Security and Nutrition Project  
 200001548 and 200003685

**Supervision mission dates:** 16-30/06/2022

**Appendix 1:** Disbursement by financier, financial performance by component and disbursement category  
 As of 31 May 2022

**Table 1C:** Financial performance per disbursement category - Cash at Bank and on Hand

<b>Grant No. 1548</b>							
Category	Category description	Original	Disbursed	WA Pending in MOF	Actual	Actual Balance	Per cent spent including
		Allocation			Expenditure		
Category I:	<i>Civil Work</i>	150 000	147 922		147 922	2 078	98.61%
Category II:	<i>Good,Service &amp; Input</i>	1 820 000	1 418 273	13 627	1 431 900	388 100	78.68%
Category III:	<i>Grant &amp; subsidies and BEN</i>	12 880 000	12 909 071	91 199	13 000 270	(120 270)	100.93%
Category IV:	<i>Consultancies</i>	5 870 000	5 772 521	79 642	5 852 164	17 836	99.70%
Category V:	<i>Operating Cost</i>	3 280 000	2 876 253	265 683	3 141 935	138 065	95.79%
	<b>sub Total</b>	<b>24 000 000</b>	<b>23 124 040</b>	<b>450 151</b>	<b>23 574 191</b>	<b>425 809</b>	<b>98.23%</b>

\* Balance of Designated Account and project accounts and cash

	<b>425 809.22</b>	<b>13.33%</b>	
<b>Designated Account</b>	273 395.06		Designated Account 273 395.06
<b>Project Account</b>	139 820.53		Project Account 139 820.53
<b>Sub Account</b>	2 060.90		Sub Account 2 060.90
<b>PLUS BALANCE OF CASH IN HAND</b>	372.92		PLUS BALANCE OF CASH IN HAND 372.92
<b>PLUS BALANCE OF CASH ADVANCE</b>	10 159.81		PLUS BALANCE OF CASH ADVANCE 10 159.81
	<b>425 809.22</b>		<b>425 809.22</b>

**425 809.22**

**Additional Financing No. 3685**

Category	Category description	Original	Disbursed	WA Pending in MOF	Actual	Actual Balance	Per cent spent
		Allocation			Expenditure		
Category II:	<i>Good,Service &amp; Input</i>	150 000	51 045.54	9 057	60 103	89 896.97	40.07%
Category III:	<i>Grant &amp; subsidies and BEN</i>	800 000	203 411.63	56 616	260 028	539 972.45	32.50%
Category IV:	<i>Consultancies</i>	450 000	228 810.89	49 683	278 494	171 506.03	61.89%
Category V:	<i>Operating Cost</i>	100 000	94 039.12	74 946	168 986	(68 985.57)	168.99%
	<b>sub Total</b>	<b>1 500 000</b>	<b>577 307.18</b>	<b>190 302.94</b>	<b>767 610</b>	<b>732 389.88</b>	<b>51.17%</b>

\* Balance of Designated Account and project accounts and cash

	<b>109 697.06</b>	<b>39.38%</b>	
<b>Designated Account</b>			Designated Account
<b>Project Account</b>	86 325.50		Project Account 86 325.50
<b>Sub Account</b>			Sub Account
<b>PLUS BALANCE OF CASH IN HAND</b>			PLUS BALANCE OF CASH IN HAND
<b>PLUS BALANCE OF CASH ADVANCE</b>	23 371.56		PLUS BALANCE OF CASH ADVANCE 23 371.56
	<b>109 697.06</b>		<b>109 697.06</b>

## **Lao People's Democratic Republic**

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### **Strategic Support for Food Security and Nutrition Project - GAFSP funds**

#### **Supervision Report**

#### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: 16 - 30 June 2022

Document Date: 03/08/2022

Project No. 2000001131

Report No. 6174-LA

Asia and the Pacific Division  
Programme Management Department





## Appendix 2a: Physical progress measured against AWP&B

		<u>Period: to 31 May 2022</u>						
<b>Component/Outcome</b>	<b>Indicator</b>	<b>Unit</b>	<b>AWP&amp;B 2022</b>	<b>Actual</b>	<b>%</b>	<b>Cumulative Actual</b>	<b>Appraisal Target</b>	<b>%</b>
<i>Sub-component or Output</i>								
<b>Component 1: Strengthened public services</b>								
<i>Outcome 1</i>	14 Technical Service Centers improved capacity and support to target farmers	Nr.	0	0	n/a	14	14	100%
Strengthened public services	At least 10,000 households reporting adoption of new/improved inputs, technologies, or practices <sup>2</sup>	HH	0	0	n/a	11,092	10,000	111%
<i>Output 1</i>	At least 9 guidelines and tools developed and implemented on a project-wide level: Finance, procurement, planning M&E, PPCP, APG, Garden Grand, Infrastructure, PAR, and F2F <sup>1</sup>	Nr.	0	0	-	9	9	100%
Build government staff capacities and procedures and technical packages to support and converge community implementation of selected National								
<b>Component 2: Community-Driven agriculture-based Nutrition interventions established</b>								
<i>Outcome 2</i>	300 Village Development Committees have a basic convergence plan on food and nutrition <sup>1</sup>	Villages	75	109	145%	334	300	111%
Community-driven agriculture-based nutrition interventions established	28,000 women in project area of 15-49 years of age, consume at least 5 out of 10 defined food groups daily.	Women	n/a	n/a	n/a	39,696	28,000	142%
<i>Output 2</i>	12 District Nutrition Committees hold at least two meeting per year to develop,	Nr.	24	15	63%	62	72	86%

<sup>2</sup> This indicator was added/revised during the IFAD MTR mission in April 2020.

Planning for improved nutritional outcomes	coordinate and implement a convergence plan on food and nutrition <sup>1</sup> ( <i>on annual basis</i> )							
<i>Output 3</i> Women-led improvement in household nutrition	28,000 beneficiary households participate in VDP preparation	HH	500	NA	NA	32,738	28,000	117%
	Number of HH provided with targeted support to improve their nutrition (eg. from Farmer Nutrition School, Garden Grant, and Nutrition Awareness Programme). <sup>1</sup>	HH	2,000	1,097	55%	21,006	21,000	100%
<b>Component 3: Sustainable and inclusive market-driven partnerships established</b>								
<i>Outcome 3</i> Sustainable and inclusive market-driven partnerships established	10,000 HH participating in the project activities increase income by 30%. <sup>1</sup>	HH	1,000	NA	NA	11,585	10,000	116%
<i>Output 4</i> Profitable investment in nutrient-sensitive, climate adapted agriculture	300 hectares of new irrigated land established	Ha	0	1	-	560	300	187%
	Roads constructed, rehabilitated, or upgraded	Km	0	0	-	757	400	189%
<i>Output 5</i> Linking farmers to markets	At least 7 private or public-private partnership agreement signed and implemented	Nr.	0	0	-	7	7	100%
	2,000 HH benefiting from the PPCP <sup>1</sup>	HH	0	0	-	2,825	2,000	141%

## Appendix 2b: Status of agreed actions from last implementation Support Mission

Key mission agreements	Responsibility	Deadline	Status
Submit AWPB 2022 Finalise preparation of AWPB 2022 in line with agreed priorities and submit to IFAD for non-objection	NPCO	6 Dec 2021	Completed
Submit Request to IFAD for Budget Reallocation Submit proposed reallocation and rationale to IFAD Project Officer	MAF / MoF	Feb 2022	Completed
Formal request to IFAD for official project extension Submit the request for a no-cost time extension to IFAD.	MAF / MoF	Immediately	Completed, project extension approved
Auditors' Appointment Prepare TOR for an independent auditor (Private Firm) and submit for IFAD No Objection	NPCO	Nov 2021	Completed
Compliance with the revised Letter to Recipient (LtR) Amendments: Once IFAD has shared the revised LtR, prepare/revise the procurement plan for 2022 and implement procurement activities in compliance with provisions of the LtR Amendment (to be effective from 01 January 2022).	MAF, MOF, IFAD	Dec 2021 onwards	Completed
Project Completion roadmap Draft a detailed plan for project completion review process focusing on beneficiary communities' continuity of project activities, among others	NPCO	Dec 2021	Completed
Lessons learned and Exit strategy AFN "Lessons Learnt on Nutrition" workshop to be held in Dec 2021 or early January 2022; in case of COVID restrictions, organize zoom workshop in Jan 2022 and finalize exit strategy accordingly	NPCO / WFP	Jan 2022	Completed
<b>Key mission agreements: Targeting and gender</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
Outreach data Update/fill-in LF outreach data (baseline, end target, revised actual results) to be uploaded into ORMS	NPCO-M&E	Nov 2021	Completed
Youth inclusion Use available data and information on youth inclusion to analyse and document project results (success stories) on successfully empowering young APG members as entrepreneurs	NPCO-M&E-KM	May 2022	Ongoing
Update the Gender Action plan Unpack targets by including the actions required to achieve them in the last year of implementation. Align targets with the Agriculture Development Strategy to the year 2025 and Vision to the year 2030 and focus on key gender challenges and continuity of gender achievements.	NPCO Gender Focal Point & Component teams	Dec 2021	Completed
Gender analysis data and information Avail clear and comprehensive disaggregated data and information on women participation to project activities together with an assessment of the	NPCO Gender Focal Point & Component teams	May 2022	Ongoing

changes in gender roles, relations and in women status induced by project activities.			
<b>Key mission agreements: Component 1</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
Handover of PROMIS to DoPF FAO to handover the PROMIS to DoPF and complete all activities and reports	FAO and service provider	31 Dec 2021	Completed
Server hosting and maintenance arrangements Support DoPF in identifying and implementing the best long-term options for server hosting and ICT maintenance support at NAFRI	FAO / DoPF	Dec 2021	Completed
PAR and demonstrations Complete cost-benefit analysis (CBA) of PAR models demonstrations and, using farmer diaries, train demonstration farmers on cost/benefit analysis. Record adoption and dissemination. Document lessons learned	NAFRI / NPCO	Feb 2022	Data collection completed
Lead farmers and emerging rural entrepreneurs Pursue village technician certification process and assessment of individual lead farmers capacity. Further support emerging lead farmers entrepreneurs in developing input production businesses combined with service delivery	DAFO with support from PAFO and DTEAP	April 2022	Ongoing
<b>Key mission agreements: Component 2</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
Organize Coordination Meetings with projects, funded by other development partners (WB, UNICEF, SNV, etc.) to enhance synergies and complementary support to DNC and DNC Secretariats	MAF / AFN and WFP with 4 convergence line agencies	Feb 2022	Ongoing
Village Nutrition plans as the basis for district nutrition plans Support DNC in finalising district nutrition plans in line with district sectoral priority and DSEDP	MAF / AFN and WFP recruited staff plus district nutrition committees	March 2022	Ongoing, xx districts have completed
Exit strategy activities of key investments (FNS, VF, GG, VNC and Village Nutrition Plans) To ensure sustainability and based on the “Lessons Learnt Workshop” findings planned in Dec 2021 or Jan 2022, develop a roadmap with clear guidance and hand-over plans to project partners.	MAF/AFN and WFP	March 2022	Completed as part of AFN Exit Strategy
Documentation and Dissemination Continue to document and showcase project nutrition interventions via different tools (IEC materials, etc.) and platforms – meetings, loudspeaker, etc..)	MAF/AFN and WFP	June 2022	Ongoing
<b>Key mission agreements: Component 3</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
APG grant implementation support Avoid hand-over approach and follow the grant manual guidelines. Ensure that all APG grants will be implemented before Q3 2022.	NPCO / GST	June 2022	Ongoing
APG capacity assessment Complete the ongoing APG assessment and analyse data as provided by DTEAP to share with IFAD and MAF.	NPCO / DTEAP with GST	Jan 2022	Completed, awaiting formal report from DTEAP
Village infrastructures Ensure the remaining contracted works are completed before the on-set of the 2022 rainy season	NPCO / GST	May 2022	Completed

PPCP monitoring and compliance Continue monitoring of PPCP contract clauses report persistent contract deviations in quarterly steering committee involving relevant line agencies	GST with support from PAFO/DTEAP	Dec 2021	Ongoing
<b>Key mission agreements: M&amp;E</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
Establish automatic data aggregation in the M&E database of district level data. Add English translation of data labels in all spreadsheets (all activity databases) of the aggregated database. Ensure disaggregated data are easily retrievable for analysis and decision-making purposes.	NPCO M&E	March 2022	Ongoing
Enable NPCO M&E staff to enter logframe data online via MS Sharepoint	IFAD	Dec 2021	Completed
<b>Key mission agreements: KM</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
KM products Produce web story (case study; what works/what does not work) to be published on the IFAD website. Continue producing videos to document successful case studies.	NPCO	Dec 2021	Ongoing
<b>Key mission agreements: Project Management</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
Develop a system of shared monthly work-plans with detailed targets and deliverables, with the aim of better coordination and communication	NPCO, PAFO and DAFO	By Quarter	Ongoing
Continue regular interactions and updates using exiting physical and virtual coordination mechanisms	NPCO, PAFO and DAFO	Monthly	Ongoing

## **Lao People's Democratic Republic**

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### **Strategic Support for Food Security and Nutrition Project - GAFSP funds**

#### **Supervision Report**

#### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: 16 - 30 June 2022

Document Date: 03/08/2022

Project No. 2000001131

Report No. 6174-LA

Asia and the Pacific Division  
Programme Management Department





### Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status / Date
	<b>Financing Agreement</b>		
B-3	<p>There shall be a Designated Account in USD for the purpose of financing the IFAD financed project activities. The Designated Account shall be opened and maintained in the Bank of the Lao PDR or any other Bank acceptable to IFAD. Upon the Recipient's request, IFAD shall make one or more withdrawals from the Grants accounts on behalf of the Recipient and deposit such amount in the Designated Account. The Designated account shall be operated by the Ministry of Finance of the Recipient and shall be protected against set off, seizure or attachment on terms and conditions proposed by the Recipient and accepted by IFAD.</p> <p>Additional Financing Amendments:</p> <p>There shall be a Designated Account in USD for the purpose of financing the IFAD financed project activities. Upon the Recipient's request, IFAD shall make one or more withdrawals from the Grants accounts on behalf of the Recipient and deposit such amount in the Designated Account. The Designated Account shall be operated by the Ministry of Finance of the Recipient and shall be protected. against set off, seizure or attachment on terms and conditions proposed by the Recipient.</p>	On loan effectiveness 28-04-2016	Complied
B-4	<p>There shall be Project accounts at the National Project Coordination Office (NPCO) the District Agriculture and Forestry (DAFOs) of participating districts where project activities will be implemented and at the Department of Agricultural Extension and Cooperatives (DAEC). The Project accounts will be denominated in LAK and opened in commercial banks, acceptable to the Fund for project operations. The National Project Coordinator and DAEC Director at central level and Managers at district levels shall be authorized to operate their respective accounts.</p> <p>Additional Financing Amendments:</p> <p>There shall be project Accounts at the National Project Coordination office (NPCO) the District Agriculture and Forestry (DAFOs) of participating districts where project activities will be implemented and at the Department of Agricultural Extension and cooperatives (DAEC). The project accounts will be denominated in LAK and opened in commercial banks. The National Project Coordinator and DAEC Director at central level and coordinators at district levels shall be authorized to operate their respective accounts. There shall be a separate Project Account (PA) for the Additional Grant denominated in Lao kips (LAK.) opened by Ministry of Agriculture and Forestry and maintained in a commercial bank. The PA shall be funded and replenished as necessary from the</p>	28-04-2016	Complied.

	resources held in the DA, upon request of the NPCO. The NPCO shall be fully authorized to operate the new PA for the Additional Grant.		
B-5	<p>The Recipient shall provide counterpart financing for the Project in the amount of approximately USD 5.4 million. The Government contribution covers taxes, duties and some rural infrastructure, land use registration, salaries for technical and Project coordinators, and operating costs as specified in Schedule II of the Agreement.</p> <p>Additional Financing Amendments:</p> <p>The Recipient shall provide counterpart financing for the project in the amount of approximately five million four hundred thousand united states Dollars (USD 5 400 000) for the Grant and fifty-seven thousand united states Dollars (USD 57,000) for the Additional Grant. The Government contribution covers taxes, duties and some rural infrastructure, land use registration, salaries for technical and project coordinators, and operating costs as specified in Schedule II of the Agreement.</p>	Throughout project period	<p>Ongoing                      The GOL is 81.15%, Beneficiary 148.13% and Private Sector 94.07%.</p> <p>The GOL is 101.15% for the AF.</p>
C-1 & 2	The Lead Project Agency shall be the Ministry of Agriculture and Forestry, through its Department of Planning and Finance (DoPF). The Ministry of Health is designated as additional Project Party		Complied
C-3	The completion date of the Additional Grant project shall be 30 June 2022.		The completion date has been extended to 31 December 2022.
C-4	A joint mid-term review shall be organized by the Recipient, the Fund and WFP after approximately 30 months of Project implementation. The terms of reference of the mid-term review shall be agreed by the three Parties.	February 2020	Complied
C-5	For the purposes of Section 8.03 (a) of the General Conditions, the Recipient shall provide IFAD with annual progress reports on the implementation of the IFAD financed project activities in the form requested by the Fund.	Throughout project period	Complied
E-2(b)	The Designated Account and the Project Account shall have been duly opened for advance payments.	28-04-2016	Complied
E-2(c)	The National Project Coordinator, Financial Manager/Key Staff with qualifications acceptable to the Fund have been duly appointed.	28-04-2016	Complied
E-2(d)	A computerized accounting system acceptable to the Fund shall have been procured.	30/04/2017	Complied Accounting software was installed in 2017. Accounting data from the beginning of the project was entered.
E-2(e)	A Project Implementation Manual (PIM) shall be drafted and shared with the Fund for its approval.	28-04-2016	Complied
Sch 1-II-6	The MAF, in its capacity as the Lead Project Agency, shall have the overall responsibility for implementation of the Project. MAF, through its Department of Planning and Cooperation (DPC), will delegate assigned responsibilities to the National Programme Coordination Office (NPCO) based in Vientiane and to the provincial and district line agencies concerned.		Ongoing compliance

Sch - 1-II-7	The Secretariat of the National Nutrition Committee shall act as the National Project Steering Committee (NPSC). At provincial level the Provincial Nutrition Committee will act as the Provincial Project Steering Committees (PPSC) and, at district level, the District Socio Economic Development Committee (DSEDC) shall act as the District Project Steering Committee (DPSC)	28-04-2016	Complied
Sch - 1-II-7.1	The NPSC will be responsible for overall project guidance and direction, approval of AWPBs and for progress reports for submission to Ministry of Finance (MoF) and IFAD, and will be the final arbitrator on issues relating to project design and management.	Throughout project period	Ongoing compliance
Sch - 1-II-7.2	At the provincial level, each PPSC will approve its respective AWPBs and annual progress and financial reports prepared by participating Kum bans (village clusters) and districts. In addition to representatives of the Provincial Department of Agriculture and Forestry (PAFO), Department of Finance (DoF), Department of Planning and Investment (DPI), Department of Health (DoH), and Department of Industry and Commerce (DoIC), it will include provincial agribusiness Lao Women's Union (LWU), Lao Farmers Network (LFN); international NGOs and civil society representation. The Provincial Governor or his or her designate will head the PPSC. The participating provinces will conduct PPSC meetings at provincial level on a semi basis. The PPSC will report to the existing Provincial Nutrition Committee as required.	Throughout project period	Ongoing compliance The AFN National Project Steering Committee was organized in Vang Vieng on 26th January 2021 under the chairmanship of the vice minister of Agriculture and Forestry. The 5th project steering committee meeting was held in Xiengkhouang during Jan. 24-28, 2022.
Sch - 1-II-10	The NPCO shall be responsible for the preparation of a PIM that shall describe (i) implementation of Project activities; (ii) the administration of Grant proceeds and Project Parties' responsibilities; and (iii) monitoring and evaluation of Project progress and results. The Lead Project Agency shall forward the draft PIM to IFAD for its non-objection. If IFAD does not comment on the draft PIM within thirty (30) days after receipt, it shall be deemed to have no objections and LPA shall adopt the PIM, substantially in the form approved by IFAD.	28-04-2016	Complied
Sch-2-2	Withdrawals in respect of expenditures for start-up costs (computerized accounting system, PIM and start up related expenditures) incurred before the satisfaction of the conditions precedent to withdrawal but after entry into force of this Agreement shall not exceed an aggregate amount of USD 50 000.		Not required.
	<b>Letter to the Recipient</b>		
Para 5	Before disbursement can begin, IFAD must receive from the designated representative specified in Section E of the Agreement a letter designating the names of officials authorized to sign withdrawal applications, which includes their authenticated specimen signatures.	Prior to first withdrawal i.e. 02-09-2016	Complied
Para – 6	Withdrawals in respect of expenditures for start-up costs (computerized accounting system, PIM and start up related expenditures) incurred before the satisfaction of the conditions precedent to withdrawal but after entry into force of this Agreement shall not exceed an aggregate amount of USD 50 000. Any unused balance of the start-up advance will be considered as part of the initial advance under the authorized allocation		Not required
Para - 7	Withdrawal application for advance withdrawal and reimbursements may be submitted once ninety days have lapsed from the submission of the previous withdrawal application. If, however,	Throughout project period	Ongoing compliance

	the requested withdrawal amount is at least thirty (30%) of the advance described in paragraph 15, a withdrawal application may be submitted even if ninety (90) days have not lapsed.																						
Para – 8	The Direct Payment procedure should preferably be used only for payments of more than USD 100,000 equivalent. Project expenditures below the threshold should be paid from the project's Designated or Project Accounts.	Throughout project period	<p>Ongoing compliance</p> <p>The only direct payment made by the project are as follows:</p> <table border="1"> <thead> <tr> <th>WA N°</th> <th>Date</th> <th>Payment Method</th> <th>Cat</th> <th>Disbursed by IFAD</th> </tr> </thead> <tbody> <tr> <td>008</td> <td>05-08-18</td> <td>DP</td> <td>Cat 2</td> <td>614,715.00</td> </tr> <tr> <td>015</td> <td>28-12-18</td> <td>DP</td> <td>Cat 3</td> <td>105,880.11</td> </tr> <tr> <td colspan="4">Total</td> <td>720,595.11</td> </tr> </tbody> </table>	WA N°	Date	Payment Method	Cat	Disbursed by IFAD	008	05-08-18	DP	Cat 2	614,715.00	015	28-12-18	DP	Cat 3	105,880.11	Total				720,595.11
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008	05-08-18	DP	Cat 2	614,715.00																			
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Total				720,595.11																			
Para - 14	In accordance with section B.3 of the Financing Agreement and Section 4.04(d) of the General Conditions, the Recipient is required to open and maintain a Designated Account (DA) denominated in the USD in the Bank of the Lao PRD or any other Agreement. In accordance with section 3.1 of the LDH, the DA shall be administered following Imprest Account arrangements. Advances from this Financing must be segregated from other funds for the project Bank acceptable to IFAD in order to receive Grant resources in advance as soon as possible after entry into force of the Agreement.	28-04-2016	Complied																				
Para – 15	Under imprest arrangements, the maximum authorized allocation to the Designated Account will be USD 2.5 million. One or more advances may be withdrawn within this authorized allocation. All withdrawals shall be in line with projected expenditures as detailed in the approved AWPB.		Complied- Advance of USD 2.5 million provided. An advance amount of USD 300,000 was provided for the additional financing.																				
Para – 18	There shall be Project Accounts at the National Project Coordination Office (NPCO) and the District Agriculture and Forestry Office (DAFOs) of participating districts where project activities will be implemented and at the Department of Agricultural Extension and Cooperatives (DAEC). The Project accounts will be denominated in LAK and opened in commercial banks acceptable to the Fund, to receive funds from the DA for eligible expenditure for project activities. The NPC and DAEC Director at central level, and Managers at District levels, shall be authorized to operate their respective accounts.	Throughout project period	Complied.																				
Para – 20	The Recipient shall provide counterpart financing for the Project in the amount of approximately USD 5.4 million. The Government contribution covers taxes, duties and some rural infrastructure, land use registration, salaries for technical and Project coordinators, and operating costs as specified in Schedule II of the Agreement. The local private enterprise is expected to contribute approximately USD 0.50 million, and the village beneficiary contribution will be approximately USD 2.9 million in kind.	Throughout project period	Ongoing The GOL is 81.15%, Beneficiary 148.13% and Private Sector 94.07%.																				
Para – 26	All contracts must be listed in the Register of Contracts, which should be updated and submitted to the IFAD Country Programme Manager on a monthly basis.	Ongoing	Complied.																				
Para – 27	In accordance with Section 9.01 and 9.02 of the General Conductions, the Recipient must prepare and submit to IFAD detailed financial statements of all the operations, resources and expenditures related to the Project of each fiscal year. All Project financial sources, whether	Ongoing	Being complied GoL tax exemption, staff salary, office space rent and operating cost are being accounted based																				

	provided in cash or in the form of tax exemption, must be duly valued and accounted for in the Project financial statements.		on the statement of expenditures provided by the government.
Para - 28	Summary interim Financial Reports (IFR) must be submitted to IFAD at half yearly intervals within 45 days after the period- end.	Aug 15 of each year	Complied. Interim Financial Reports have been submitted to IFAD every six months as part of the project progress report.
Para – 29	The Recipient must appoint independent auditors acceptable to IFAD within 120 days after entry into force of the agreement, selected in accordance with the procedures and criteria set forth in the IFAD Guidelines on Project audit, to audit the financial statements relating to the Project. Thereafter, as soon as practicable, but not later than 120 days after the beginning of each succeeding fiscal year, the Recipient will either confirm the appointment of the same independent auditor, subject to satisfactory performance, or will follow the same procedure to appoint new independent auditors for the successive fiscal year.	Every year	Partially Complied The Financing Agreement was signed on the 28 April 2016. The auditor was first appointed on 23 April 2018. The subsequent contracted dates are as follows: - 1 March 2019 - 27 April 2020 - 17 April 2022
Para – 30	The log of audit observations should be maintained and updated regularly.	Throughout project period	Complied. The log of audit is maintained. All outstanding issues raised in 2020 audit have been resolved except a couple of issues left unresolved like the SSO registration by staff.
<b>General Conditions</b>			
Sec 4.08	The financing shall be used exclusively to finance expenditure meeting eligibility requirements.	Throughout project period	Ongoing compliance
Sec - 7.01 (b)	The LPA shall submit the draft AWPB and Procurement Plan to the Fund no later than 60 days before the beginning of the project year	By 31 October, each year	Delayed compliance for FY 2018 and 2019. For 2019 the AWPB was submitted on 23 November. The AWPB for 2021 was approved in November 2020. The AWPB for 2022 was submitted for IFAD No Objection on the 9 December 2021 and was approved by IFAD on 31 December 2021.
Sec - 7.03(b)	Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	Throughout project period	Ongoing compliance
Sec - 7.05 (a)	Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the Recipient in order to ensure consistency with the IFAD Procurement Guidelines	Throughout project period	Ongoing compliance
Sec - 7.06	All goods, services and buildings financed by the Financing shall be used exclusively for the purposes of the Project.	Throughout project period	Ongoing compliance
Sec - 7.08 (a)	All goods and buildings used in the project shall be insured against such risks and in such amounts as shall be consistent with sound commercial practice.	Ongoing	Partially complied. Office equipment's and buildings are not insured. Only vehicles are insured.

Sec - 7.09 (a)	The Recipient shall ensure that no Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Financing Agreement or the Project Agreement.	During implementation period	Complied
Sec - 7.11	The LPA shall appoint the Project Director and all other key Project Personnel in the manner specified having qualification and experiences in the Agreement or otherwise approved by the Fund. The Recipient shall exercise best efforts to ensure continuity in key project personnel throughout the Project Implementation Period and shall insure key personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of national civil service, whichever is appropriate.	Throughout project period	Partially complied. Project staff are taking their own insurance.
Sec - 8.01	The project shall maintain records and documents adequate to reflect their operations in implementing the project until the Project Completion Date and shall retain such records and documents for at least ten years thereafter.	Throughout project period and ten years thereafter	Ongoing compliance
Sec - 8.02 (a)	The LPA shall establish and thereafter maintain an appropriate information management system in accordance with the Fund's operational guidelines and Results Measurement Framework.	Throughout project period	Partially complied. Information is recorded in excel file by the PAFOs and DAFOs and submitted to NPCO for consolidation in the PAS computerized accounting system.
Sec - 8.03 (a)	The LPA shall furnish to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably request.	Throughout project period	Ongoing compliance
Sec - 8.03 (b)	<b>Mid-Term Review:</b> The Lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than the midpoint of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the LPA and approved by the Fund.	February 2020	Complied
Sec - 8.04	<b>Completion Report:</b> The Recipient shall submit to the Fund the completion report on the overall implementation of the project as promptly as possible after the Programme Completion Date but in any event no later than the Financing Closing Date, in such form and substance as may be specified in the Financing Agreement or as the Fund shall reasonably request.	By Dec 2022	Not yet applicable
Sec - 8.05	<b>Plans and Schedules:</b> The Project Parties shall furnish to the Fund promptly upon their preparation, such plans, design standards, reports, contract documents, specifications and schedules relating to the Project, and any material modifications subsequently made therein.	Throughout project period	Ongoing compliance
Sec - 9.01	The Project shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the project until the Financing Closing Date and retain such accounts and records for at least ten years thereafter.	Throughout project period and ten years thereafter	Ongoing compliance
Sec - 9.02	<b>Financial Statements:</b> The Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the project for each fiscal year prepared in accordance with standards and procedures acceptable to the Fund and <i>deliver such financial statements to the Fund within four months of the end of each fiscal year.</i>	April 30 each year	Not Complied. The Financial Statement is submitted together with the audit report usually after the due date 30 April each year.

Sec - 9.03	The Recipient shall have the accounts audited each fiscal year in accordance with auditing standards acceptable to the Fund and IFAD's Guidelines on Project Audits by an independent auditor acceptable to the Fund and submit the audit report to the Fund within six months of the end of each fiscal year along with the reply to the management letter of the auditors within one month of receipt thereof.	June 30 each year	Complied with some delay. The audit for 2020 was submitted to IFAD on the 22 September 2021. The audit report for 2020 was delayed due to Covid 19 pandemic. The delayed audit report submission was requested and approved by IFAD for 30 September 2021. The audit report for 2021 has been completed at the time of the mission by the auditor and was submitted to IFAD on the 29 June 2022. The schedule of audit report submission as follows: <table border="1" data-bbox="1543 571 2069 932"> <thead> <tr> <th>Year</th> <th>Scheduled Report Submission</th> <th>Date Delivered</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>2016-2017</td> <td>30/06/2018</td> <td>02/07/2018</td> <td>2 days late</td> </tr> <tr> <td>2018</td> <td>30/06/2019</td> <td>27/06/2019</td> <td>on time</td> </tr> <tr> <td>2019</td> <td>30/07/2020</td> <td>10//7/2020</td> <td>on time - NOL for time extension</td> </tr> <tr> <td>2020</td> <td>30/09/2021</td> <td>22/09/2021</td> <td>on time - NOL for time extension</td> </tr> <tr> <td>2021</td> <td>30/06/2022</td> <td>29-06-22</td> <td>on time</td> </tr> </tbody> </table>	Year	Scheduled Report Submission	Date Delivered	Remarks	2016-2017	30/06/2018	02/07/2018	2 days late	2018	30/06/2019	27/06/2019	on time	2019	30/07/2020	10//7/2020	on time - NOL for time extension	2020	30/09/2021	22/09/2021	on time - NOL for time extension	2021	30/06/2022	29-06-22	on time
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## **Lao People's Democratic Republic**

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### **Strategic Support for Food Security and Nutrition Project - GAFSP funds**

#### **Supervision Report**

#### **Appendix 5: Mission preparation and planning, TORs, schedules, people met**

Mission Dates: 16 - 30 June 2022

Document Date: 03/08/2022

Project No. 2000001131

Report No. 6174-LA

Asia and the Pacific Division  
Programme Management Department





## Appendix 5: Mission preparation and planning, TORs, schedules, people met.

### Terms of Reference

**COUNTRY OF ASSIGNMENT/LOCATION:** Lao People's Democratic Republic (Lao PDR)

**MISSION NAME:** Agriculture for Nutrition (AFN) / Strategic Support for Food Security and Nutrition Project (SSFSNP) Project Supervision **Mission (SM)**

**MISSION START AND END DATES:** 16-30 June 2022

**COUNTRY DIRECTOR:** Mr. Francisco Pichon, IFAD APR/PMD

### MISSION COMPOSITION:

Soulivanh Pattivong, Team Leader / Project Management and Nutrition Specialist  
Emmanuel Jouve, Agriculture and Value Chain Consultant  
Rachele Arcese, Social Inclusion and M&E Specialist  
Malaythong Nouanlasy, Financial Management Consultant  
Chu Tuan Dat, Procurement Consultant  
Sakphouseth Meng, IFAD Country Programme Officer / Economist

### BACKGROUND:

The GAFSP<sup>3</sup> finances the Agriculture for Nutrition (AFN) / SSFSNP project. The latter is implemented over a six-year period starting from project effectiveness 28 April 2016. The project addresses chronic malnutrition and food insecurity in Lao PDR upland areas, through support of National Nutrition Strategy to 2025 and Plan of Action 2016 – 2020 (NNSPA), and through piloting new development approaches and technologies in this framework. The total cost for the project is USD 38.8 million. The GAFSP approved a grant of USD 24 million to IFAD and USD 6 million to WFP to finance the AFN, while Lao PDR government contributes about USD 5.4 million. Contributions from beneficiary groups and local private sector were estimated to total at about USD 3.3 million.

The Department of Planning and Finance (DoPF) of MAF is the AFN lead agency that has overall responsibility for Project implementation. IFAD administers and supervises the GAFSP financing and the main supervising entity of implementation while WFP is also lead technical agency.

The project aims to promote food security and better nutrition through improved and diversified agricultural production. The key interventions include: (i) participatory village development planning (VDP) is conducted at all project villages, and village agriculture investments are financed per the VDP identified priorities; (ii) Multi-sector district planning for NNSPA activities is facilitated; (iii) Family diets are improved through Farmer Nutrition Schools and financing of garden investments, in particular for women and children; (iv) Agricultural extension approach is diversified to include farmer-to-farmer and enterprise-to-farmer extension methodologies; (v) Grass root farmers' organizations are developed, capacitated and their required farm investments are co-financed to improve production of nutritious food; (vi) Value chains are developed through co-investment with lead enterprises, to create employment and sustainably increase demand for farm products.

The AFN Goal is to "contribute to reduced extreme poverty and malnutrition in poorest communities". The Development Objective is "improved and diversified agricultural production and household nutrition enhance life prospects". The project is implemented in 400 villages of 12 districts in four Northern provinces: Oudomxai, Phongsaly, Xieng Khouang and Houaphanh.

AFN performance is on track for both physical and financial achievements of 100% for initial funds and about 29.07% for additional funds (as of Dec 2020). With additional funding of USD 3.8 million from GAFSP (USD 1.5 million for MAF/IFAD and USD 3.2 million for WFP) to continue to support AFN to specifically respond to COVID-19 impacts and *scale-up existing, successful project activities, specifically targeting women, poor households, and smallholder farmers in the 12 AFN districts.*

With the additional financing, the project is expected to complete most planned field activities, fully disburse investment funds including additional financing and further scale up activities from now till December 2022, in

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<sup>3</sup> Global Agriculture and Food Security Programme (GAFSP)

order to achieve the revised targets. As per the key agreed areas, agreed during the 15-26 Nov 2021 ISM, project will continue to improve the performance and impact of the programme and address related issues as below:

1. **Reallocation between categories:** It is foreseen by the project that there will be a need for budget reallocation between expenditure categories after drafting the AWPB for 2022 and 2023 (closing of the project period). In such case, the project should contact IFAD on the proposed reallocation and rationale, once PMD agreed, an official request from Lao Government should be sent to IFAD and will then be processed internally;
2. **Planning towards completion:** Till project completion in December 2022, the AFN priority focus is set on strengthening capacity of institutions at district and village levels and on enhancing sustainability of the project impacts. Scaling-up of the project approaches and models is made possible by phasing-over some interventions to district and village level nutrition committees with support from on-going development initiatives;
3. **Exit strategy and hand-over process:** AFN will update the exit strategy and share it with IFAD, and also plan consultation workshops with project stakeholders at central and local levels to address institutionalization and financing of key project activities including District nutrition plans, APGs, PPCP, FNS, Village Nutrition Plans, home garden, VFs, etc.; and
4. **KM and KS:** AFN will continue to document key successes and lessons learnt from project interventions to share with stakeholders at major events (project completion workshop, etc..) and develop short videos on APG, FNS, nutrition related activities, key infrastructures (water supply, roads and bridges), PPCP, etc., from project support itself in view of replication or scaling up.

#### **MISSION OBJECTIVES AND OUTPUTS:**

The IFAD SM of AFN will be jointly undertaken in partnership with the Government of Lao PDR (Ministry of Agriculture and Forestry, Ministry of Finance and the Provincial and District relevant line agencies of the AFN targeted provinces and districts) and the World Food Programme (WFP) in Lao PDR.

The objectives of the mission are to: (1) follow up physical and financial achievements; (2) review status of other agreed actions from the last SM Missions; (3) identify possible constraints and discuss practical solutions; and (4) discuss key arrangements to be jointly prepared till project completion.

The mission will take place in selected project implementing provinces and districts. Technical review meetings will be held with various MAF technical agencies (DOPF, DETEAP, NAFRI, etc.), Ministry of Public Health, WFP, FAO, LFN. Meetings will be also held with provincial and district project partners and the project implementation locations will be visited, wherever possible. At the end of the mission, wrap-up meeting will be held with participation of key implementing partners at central, provincial and district levels. Mr. Francisco Pichon, IFAD Country Director, will participate in the kick-off and wrap-up sessions.

#### **Mission outputs:**

The mission will prepare a concise Aide memoire, outlining key physical and financial achievements of the project and outline agreed actions and milestones contributing to achievement of project objectives. The mission will also prepare a detailed Supervision Report as per IFAD's Operational Results Management System (ORMS) requirements

#### **INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES**

##### **Soulivanh Pattivong, Team Leader / Project Management and Nutrition Specialist**

The Team Leader / Project Management and Nutrition Specialist will be responsible for coordinating and planning the SM with GoL and assessing the overall performance of the areas related to project management, AFN outcome 2 and all nutrition-related aspects and partnership of the project. Specifically, he will:

- To plan and organise the consultations with government, implementing agencies, DPs and others. Prepare a detailed meeting plan and make the required arrangements;
- Assess the overall project management performance and quality of implementation in view of the project development objectives;
- Review the overall Project Coordination Unit and implementing line agency planning mechanism and quality of AWPB both for consultations and resulted documents;
- Perform an analysis of strengths and weaknesses of the institutional set-up namely NPCO, PAFOs and DAFOs and Project Implementing Agencies at provincial and district levels and provide recommendations for the remaining project period;
- Summarize the overall programme implementation performance in view of (i) Institutions and Policy Engagement, (ii) partnership-building;

- Review partnership and cooperation among MAF, IFAD, WFP, FAO and WB;
- Summarize the overall programme implementation progress of the targeting, nutrition, gender, poverty and institutional aspects and make recommendations to improve program performance;
- With technical support of Joyce Njoro, IFAD Lead Technical Specialist, assess the results achieved on food security and nutrition and income among the target group (outcome 2). Assess the effectiveness of the project interventions chosen (from all outcomes) and make recommendations for the project to address constraints and support opportunities;
- Assess the AFN progress and potential in supporting the District/Provincial Multi-Sector Convergence Planning;
- Assess the strategy and action plan for Village Nutrition Schools;
- Assess potential of identified agricultural commodities / models in promotion of nutrition;
- Draft all inputs to the Aide memoire and Supervision report related to project management and nutrition impact.

#### **Emmanuel Jouve, Agriculture and Value Chain Consultant**

The Agriculture and Value Chain Specialist / Mission Leader will be responsible for leading the mission and ensuring that the terms of reference are fully met in a professional, efficient, effective and timely manner in line with IFAD Supervision guidelines. Specifically, the TL will:

- Prior to the mission, in partnership with TL, agree with the project management on how the SM will be best conducted, how implementing partners, project staff and primary stakeholders will be involved, reporting, and how feedback on the conclusions will be organized; and collect all relevant documentation for AFN project and distribute among mission members;
- Assess the overall Project performance and quality of implementation in line with the defined result objectives, legal and financial agreements;
- Assess the effectiveness of the current AFN strategy and approaches in relation to participatory research, agricultural technologies, forage development, extension services and other on-farm activities, including livestock as supported by the project;
- Assess the effectiveness of the project support extension approach and make recommendations to address eventually issues encountered;
- Review the effectiveness of capacity building activities of government entities and service providers;
- Review and guide key farmer-to-farmer extension strategy to ensure that significant transfer of knowledge to farmers;
- Review the effectiveness and sustainability of agricultural interventions and services in support of the establishment of sustainable and inclusive AGPs and PPCP;
- Assess the effectiveness of the Village Development Planning mechanisms and outcomes in support of the NNSPA.
- Assess the AFN progress and potential in supporting the District/Provincial Multi-Sector Convergence Planning;
- Discuss with stakeholders how the project could address relevant key constraints in order to achieve its targets.
- Based on the mission assessments and inputs, prepare the SM aide memoire and SM report, outlining the findings and recommendations of the mission and highlighting issues that need to be discussed at the Wrap-up Meeting with key stakeholders; and
- Prepare a draft management letter;

#### **Rachele Arcese, IFAD Programme Officer, Social Inclusion and M&E Specialist**

The Social Inclusion and M&E Specialist will be responsible for assessing the AFN targeting and social inclusion-related aspects. Specifically, she will:

- Summarize the overall programme implementation progress of the targeting, gender, poverty and institutional aspects and make recommendations to improve AFN performance;
- Undertake an overall assessment of the performance of M&E system and related MIS;
- Assess the progress of programme interventions in the field of M&E, knowledge management and make time-bound recommendations to ensure knowledge and best practices are systematically captured and shared;
- Review and update the first and second level ORMS COI indicators and overall project log frame.
- Update the Appendices “Updated logical framework”: (Progress against objectives, outcomes and outputs) and “Physical progress measured against AWP&B” (including ORMS RIMS indicators) of the supervision mission report; and
- Provide inputs to the Aide memoire and SM report as agreed with the TL;

#### **Malaythong Nouanlasy, Financial Management Consultant**

The Financial Management Specialist will assess strengths and weaknesses of FM systems, internal controls and financial reporting to ensure that they satisfy IFAD’s fiduciary requirements and comply with the Financing Agreement, LTB and applicable financial/ accounting manual. The assessment will include:

- Based on the financial reports prepared by the project, assess financial performance to date by expenditure category and component against (i) appraisal and (ii) approved AWPBs since project start. Review the cumulative status of funds by category of expenditure, approved AWPB and project commitments (contracts

- signed not paid) in order to estimate the adequacy of funds and potential requirement for category reallocations (get understanding of rationale for such potential reallocations);
- Review financial execution of current AWPB and obtain explanations for significant budget-to-actual variances, identifying actual or potential bottlenecks. Comment on the project's budget monitoring system;
  - Review the functionality and efficiency of accounting and financial reporting systems (including Government reporting and potential for system roll out to a cash based forecasting, review the accuracy of the cashflow forecasting of relevant); identify accounting basis and standards used; report differences with international standards. Specify accounting software used, whether budget is posted, indicate the software's capacity to generate automated reports and any limitations. Assess timeliness of recording transactions, budget posting and reconciliations. Comment on suitability of chart of accounts;
  - Review availability of counterpart funds, beneficiary and co-financier contributions (as relevant), identifying bottlenecks if any. Ensure that in kind contributions from government and beneficiaries, as applicable, are estimated and recorded by the project;
  - Review direct payments, with a view to updating the LTB to exclude if this is not strictly necessary in the future.
  - Assess the project's treasury planning; confirm adequacy of DA authorised allocation with respect to projected expenditure requirements. Assess regularity of withdrawal application preparation. If the project's disbursement performance is less than satisfactory, recommend concrete financial or operational measures for improvement;
  - Your checks will include reviewing the financial situation and FM capacity of field offices and implementing partners receiving funds for the project and assessing the quality and regularity of their financial reporting to the central coordination unit;
  - On a sample basis, review SOEs prepared since the last field review to verify adequacy, completeness and validity of claims by performing a system walk-through. For this mission, sampling should be done on 25% basis, across all expenditure categories. Document findings using IFAD's SOE review template, highlight any ineligible expenditures and any internal control weaknesses noted in the expenditure approval process. Comment on the organisation of financial records and adequacy of filing systems;
  - Ascertain status of preparation and submission to IFAD of unaudited annual financial statements if relevant for the period; review draft as applicable. Validate the latest Interim Financial Report (IFR), if applicable;
  - Describe banking arrangements (central and sub-levels if applicable). Verify effectiveness and frequency of reconciliation procedures for the project's designated and other accounts. Review the project's current designated account reconciliation. Validate closing balances against bank statements and clarify the status of reconciling items (if any);
  - Assess contract management; verify maintenance of contract register, contract monitoring forms, register of advances; highlight outstanding advances (ageing analysis); verify compliance with audit requirements foreseen in contracts and/or MOUs, as applicable;
  - Review project's financial management procedures as regards travel, vehicles/fuel and IT. Verify accounting for assets, maintenance of fixed asset register and inventory procedures – check latest inventory report;
  - Describe internal audit arrangements including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; review IA reports if available, describe findings;
  - Review latest external audit report and project's audit log, assess status of implementation of management letter recommendations and audit action plan. Verify status of preparation of upcoming audit and make recommendations as appropriate for extending the scope of audit to specific implementing entities, physical checks, performance audit, transaction list or other;
  - Report to mission leader as well as to Sr Regional FM Officer on any breach of financial covenants in the legal agreement or General Conditions;
  - Review action taken to address recommendations of previous FM-related mission;
  - Contribute to relevant sections of the mission Aide Memoire and SM report including data, field observations, project results, findings and recommendations, in line with deadline agreed with Team Leader, following ORMS structure and FMA guidelines

#### **Chu Tuan Dat, Procurement Consultant**

The Procurement Specialist will be responsible for assessing the overall performance of the procurement and asset management. Specifically, he will:

- Randomize post review on some procurement activities from the project start according to guidelines and agreements in place;
- Review the procurement procedures which include TOR and selection method for consultancies, documentation, correspondences, contracts and records management of procurement which establishes evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness;
- Review project level internal controls of the procurement systems and processes in place and assess compliance with IFAD Guidelines;
- Update the procurement section of the PIM and recommend amendments to the Letter To Borrower as necessary;
- Validate and review the management of contracts and disbursement against the contracts and highlight any deficiencies in the contract management system of the Project;

- Identify key constraints in contract execution and delay in delivery of services and recommend mitigation actions and remedies. The quality of the documentation and number and severity of substantiated complaints should be considered.
- Review the progress of procurement and disbursement based on comparisons of the records of IFAD and the project, verify the terms of the contracts awarded and the commitments and disbursements made, and obtain copies of approved contracts not yet submitted to IFAD;
- Assess the procurement capacities and training needs and make recommendations to mobilise additional resources for training, capacity building and technical assistance;
- Draft and propose procurement plan and identify the procurement method for the remaining period of the project;
- Highlight and bring to IFAD attention any collusive, corrupt and fraudulent practises resulting in potential losses; or non-delivery of services and substandard services;
- Review achievement and mechanisms of the VDF and assess the quality of infrastructure planned and built under this facility;
- Propose changes to the design as appropriate.
- Provide inputs to the Aide memoire and SM report as agreed with the TL, and
- Any other tasks as agreed with the Mission Leader.

### **Sakphouseth Meng, IFAD Country Programme officer / Economist**

The Economist will work with MAF/AFN and local economist (Alay Phonvisay) to carry out below tasks of AFN II:

- Determine programme costs and prepare the Economic and Financial Analysis (EFA) based on models that will reflect the nature of the programme. Most importantly, the EFA should be strictly linked to the programme targets as laid out in the logframe. The EFA will spell out the direct and indirect benefits for the target groups. The economists will ensure that the design would lead to the financial and economic viability and sustainability of the programme. The economist will work closely with the technical experts and the team leader in assessing cost of proposed activities. Specific tasks include to:
- Contribute to the team reflection on ToC to ensure a clear and shared story line on activity-output-outcome-benefits stream as assumed in EFA for all target groups (specifically considering rural young women and young men); as well as along review of business model / sustainability cost-revenue analysis of different 4P
- Assess and finalise programme cost estimates by activity and expenditure category and finalize programme investment and operational costs by expenditure and disbursement categories. The expert will apply IFAD formats and COSTAB software to present detailed and summary programme cost tables and a disbursement profile, with updated prices, realistic assumptions of physical inputs and costs by year and considering O&M cost in long run.
- Define the number of beneficiaries disaggregated by gender, youth and ethnic groups, include measures to ensure benefits to vulnerable groups (including women headed households) with help from the targeting and gender specialist.
- In collaboration with other team members, Analyse the benefit streams arising from the Programme investments by preparing crop and enterprise (and infrastructure?) models for farmers and other value chain actors and validating the underlying assumptions. On the basis of the planned investment and recurrent costs the expert will determine the expected financial and economic rates of return to be checked on robustness through a sensitivity analysis (including potential impacts of increased resilience to risks as done for AMD Vietnam EFA); and reviewing also the likelihood of sustainable O&M post project (i.e. we can share example of Bangladesh EFA that did a dedicated analysis on O&M recovery for water infrastructure notably and similar work can be done in extension, separating initial investments in project time with running cost)
- Analyse the distribution of cost-benefits (during and post project) of different interventions across different target groups
- Any other tasks reasonably required by the mission leader.

**AFN - SM - TENTATIVE PROGRAMME: 16-30 June 2022**

<b>Date and Day</b>	<b>Tentative Programme</b>
<b>15 June 2022</b>	<b>Arrival of Mission members</b>
16 June, Mon	9:00-12:00: kick-off Meeting (Zoom link also shared) IFAD Team: <ul style="list-style-type: none"> <li>• Francisco Pichon, Country Director for Lao PDR</li> <li>• Soulivanh Pattivong, Team Leader / Project Management and Institutions Specialist</li> <li>• Emmanuel Jouve, Agriculture and Value Chain Specialist</li> <li>• Joyce Njoro, IFAD Lead Technical Specialist - Nutrition and Social Inclusion</li> <li>• Rachele Arcese, Social Inclusion and M&amp;E Specialist</li> <li>• Le Chi Dung, IFAD Financial Management Analyst</li> <li>• Chu Tuan Dat, Procurement Specialist</li> </ul> WFP colleagues <b>GoL and AFN Project Team:</b> <ul style="list-style-type: none"> <li>• MAF, MOF, MPI and MOH</li> <li>• AFN Project Team</li> </ul> <b>DPs:</b> FAO, WB, LFN, etc.
	1:30: Technical meeting with AFN and Technical Departments of MAF (NAFRI, DTEAP, etc..)
17 June	Morning: Travel to Oudomxay province (ODX) Afternoon: Meeting with ODX PAFO and line agencies
18-19 June	Field work in Lah districts, visit 3 to 4 villages to see activities
19 June	Continue to travel to Phongsaly Province (PSL)
20 June	Morning: Meeting with PSL PAFO and line agencies Afternoon: Travel to Yot-Ou
21 June	Travel to Samphanh District
22 June	Morning: Meeting With DAFO and line agencies Afternoon: Field work in target village 1-2 villages
23 June	Morning: Field work in target village 1-2 villages Afternoon: Return to Oudomxay
24 June	Return to Vientiane
25-28 June	Continuous meetings and AM drafted and shared with IFAD and GoL
29 June	Pre-wrap meeting with MAF and AFN Project
30 June	Wrap-meeting with GoL (MAF, MOF, MPI, MOH), AFN and key DPs (FAO, WFP, WB and LFN)

**List of Persons Met**

	<b>Name &amp; Surname</b>	<b>Position</b>	<b>Agency / Districts and Provinces</b>
1	Mr. Phommy INTACHUCK	Deputy Director General	DOPC, MAF
2	Mr. Sopha Siththison	Deputy Director General	DAEC, MAF
3	Mr. Khamtanh Khandeng	M &E Adviser	AFN
4	Mr Vilasak CHANTHAMIT	KM Officer	AFN
5	Ms. Chanthalay MORLAKOTH	Assistant Accountant	AFN
6	Ms. Chiengkham Phonekeo	Finance Manager	AFN
7	Mr. Somsay SIHALAD	Technical Coordinator	DAEC, MAF
8	Mr. Somphathai Lingsone	Director of Project Management Division	DOPC, MAF
9	Mr. Inpone VONGKAISONE	Director of Planning Division	DOPC, MOH
10	Mr. Oulaitham Ladsasima	Technical Coordinator	NAFRI, MAF
11	Mr. Souksavanh Sohanouvong	Technical Officer	NAFRI, MAF
12	Mr. Kroungsivilay MALAYTHONG	Deputy National Project Coordinator	AFN, MAF
13	Mr. Sisombath CHANTHAVONGSA	Procurement Officer	AFN
14	Mr. Sisovath PHANDANOUVONG	National Project Coordinator	AFN
15	Mr. Soulisone Khantisouk	M&E and Planning Officer	AFN
16	Mr. Bounyang SOPHAVANHDE	Driver	AFN
17	Mr. Edwin De KORTE	CTA	AFN
18	Ms. Khunngoun Oudomphone	National Policy Officer	WFP
19	Mr. Sipaphai SOUCHANOUVONG	Technical Officer	MoF
20	Ms. Bouavone Keoamphone	Provincial Coordinator	Oudomxay Province
21	Mr. Khanthong PHANHNYASIM	Technical Officer, Agriculture Section	PAFO, Oudomxay Province
22	Mr. Hong TUMMAVONG	Deputy Director, Irrigation Section	PAFO, Oudomxay Province
23	Mr. Somphone VILAICHID	Deputy Director, Livestock Section	PAFO, Oudomxay Province
24	Mr. Khamsamoud XAYYASID	Technical Officer, Rural Development Sector	PAFO, Oudomxay Province
25	Mr. Xayphadid KHAMPHASOUK	Technical Officer, Education Department	PES
26	Mr. Thongvanh	Project Officer	WFP, Oudomxay Province
27	Ms. Bouavone Phasouk	Head of WFP Office	WFP, Oudomxay Province
28	Mr. Chanhty INTHAVONG	Deputy Director of DAFO	Namor District, Oudomxay Province
29	Mr. Phothong TAISAVARTH	Provincial Coordinator	Mai District, Phongsaly Province
30	Mr. Viengsamai SYSONGKHARM	Head of DAFO	Mai District, Phongsaly Province
31	Mr. Bounthan	Head Of Health	Mai District, Phongsaly Province
32	Mr KhamChong THONAPOUMICHID	Deputy Head of Office	Education and sport Officer
33	Mr. Bounthian INTHAVONG	Deputy Head of Health Office	Lah District, Oudomxay Province
34	Mr. Bountham VANAPHONE	Deputy Director	PICO, Oudomxay Province
35	Mr. Houmphanh BOUBPHAKHAM	Governor	Lah District, Oudomxay Province
36	Mr. Nengher	Vice-Governor	Lah District, Oudomxay Province
37	Ms. Nidsakhon	Deputy President, LWUs	Lah District, Oudomxay Province



	<b>Name &amp; Surname</b>	<b>Position</b>	<b>Agency / Districts and Provinces</b>
38	Mr. Phimmasen KHOUNSILIVONG	Director of DAFO	Lah District, Oudomxay Province
39	Mr. Sombut CHINTANA	Acting Director, DICO	Lah District, Oudomxay Province
40	Mr. Laythong PHOMMAVANG	Head of Livestock Section	DAFO, Oudomxay Province
41	Ms. Anmany MANYPHONE	Technical Officer	DAFO, Oudomxay Province
42	Ms. Vanhnaly SISOMPHEANG	Technical Officer	DAFO, Oudomxay Province
43	Ms. Bounmala MARWSEEVONG	Technical Officer	DAFO, Oudomxay Province
44	Ms. LAK YUENDAVONG	Deputy Head	DAFO, Oudomxay Province
45	Mr. Somphet PHOMVICHAI	Dputy Head	DAFO, Oudomxay Province
46	Ms. Amphone PHANDAHAK	District AFN Coordinator	DAFO, Oudomxay Province
47	Mr. Vison LAOMOU	Vice-Governor	Phongsaly Province
48	Mr. Visan VONGNAKHONE	Deputy Director	PAFO, Phongsaly Province
49	Mr. Phonexay TOULAPHANH	Deputy Director	Health Dept, Phongsaly Province
50	Mr. Thanva MALAYSIN	Deputy Director	DPI, Phongsaly Province
51	Mrs. Somsouk SAIPHACHAN	President, LWU	Phongsaly Province
52	Mr. Khamnoun VONGDACHIT	Head of Office	PAFO, Phongsaly Province
53	Mr. Souksai CHALERNSOUK	Head of Agriculture sector	PAFO, Phongsaly Province
54	Mr. Khamath VANNAVONG	Head of Livestock and Fisheries Section	PAFO, Phongsaly Province
55	Mr. Somlit KHAMSENVONG	Head of Irrigation Sector	PAFO, Phongsaly Province
56	Mr. Suvanthonng SAIYALAT	Head of Rural Development and Cooperatives	PAFO, Phongsaly Province
57	Mr. Anon THAMMAVONG	Deputy Head of Forestry Section	PAFO, Phongsaly Province
58	Ms. Bouapheng INSOMDY	Provincial AFN Croodinator	PAFO, Phongsaly Province
59	Mr. Phottha KHAMPHANTHONG	HOFO	WFP, Phongsaly Province
60	Mr. Khongpheth	Project Officer	WFP, Phongsaly Province
61	Mr. Somvang SOUMVILAI	District Governor	Gnot Ou District, Phongsaly Province
62	Mrs. Doungphang VANNAVONG	Deputy Head, DAFO	Gnot Ou District, Phongsaly Province
63	Mr. Bountieng SITIVONG	Deputy Head, DPI	DPI, Phongsaly Province
64	Mr. Kongkham VANASENG	Deputy Head, DOH,	Samphanh District, Phongsaly Province
65	Mrs. Khanchan BOUNKHAMPASERT	Vice Presedent, LWU,	Phongsaly Province, Phongsaly Province
66	Mr. Bounhieng SAENSOU LIN	Deputy District Governor	Samphanh District, Phongsaly Province
67	Mr. Siamphone VORLADETH	Head of Office, DAFO	Samphanh District, Phongsaly Province
68	Ms. Somvanh SOUMVILAY	Presedent, LWU	Samphanh District, Phongsaly Province
69	Mr. Somjai THONGCHANVONGSA	Deputy Director, DPWT	Samphanh District, Phongsaly Province
70	Mr. Viengphone LAOSIEW	Head of DOH	Samphanh District, Phongsaly Province
71	Mr. Anousing PHOMMASID	Deputy Director	DPI, Samphanh District, Phongsaly Province
72	Mr. Yechit MANISERD	District AFN Coordinator	Samphanh District
73	Mr. Somewai PUNYALUCK	AFN Procurement Officer	Samphanh District, Phongsaly Province

## Lao People's Democratic Republic

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### Strategic Support for Food Security and Nutrition Project - GAFSP funds

### Supervision Report

### Appendix 6: Procurement

Mission Dates: 16 - 30 June 2022

Document Date: 03/08/2022

Project No. 2000001131

Report No. 6174-LA

Asia and the Pacific Division  
Programme Management Department



## Appendix 6: Procurement

**Project Name: Strategic Support for Food Security and Nutrition Project (AFN1)**

**Name of Procurement Specialist: Chu Tuan Dat**

**Mission Dates: 16 – 30 June 2022**

**Field Locations: Lao People’s Democratic Republic**

### I. Introduction and background

The Agriculture for Nutrition (AFN) project is financed by Global Agriculture and Food Security Programme (GAFSP) and implemented by the Ministry of Agriculture and Forestry (MAF) through its Department of Planning and Finance (DoPF). The project became effective on 28 April 2016 and the planned completion date is 30 June 2022. The project addresses chronic malnutrition and food insecurity in Lao PDR upland areas, through the support of the National Nutrition Strategy 2016-25 and Plan of Actions 2016 – 2020 (NNSPA), and through piloting new development approaches and technologies in this framework. The total cost for the project is USD 38.8 million, which consists of a GAFSP grant of USD 24 million to IFAD, a GAFSP grant of USD 6 million to the World Food Programme (WFP), Government of Lao PDR (GoL) contribution of about USD 5.4 million and contributions from beneficiary groups and local private sector estimated at USD 3.3 million.

The Project will be implemented in 12 districts and approximately 400 villages in Oudomxay, Phongsaly, Xieng Khouang and Houaphan provinces in northern Lao PDR. It is estimated that the Project would benefit 34,000 poor smallholder households in the 400 villages. The Goal of the Project is: “*Contribute to reducing extreme poverty and malnutrition in poorest communities.*” The Development Objective is: “*Improved and diversified agricultural production and household nutrition enhance life prospects.*” The Project will have three technical components, including

- (i) Strengthened public services:
  - Programme coordination activity
  - Nutrition-sensitive agriculture services
    - o Participatory action research (PAR)
    - o Forage development
    - o Technical service centres
    - o Farmer-to-farmer extension (F2F)
- (ii) Community-driven agriculture-based nutrition interventions:
  - District multi-sector planning
  - Village development planning
  - Farmer nutrition schools
  - Home garden and farm planning
- (iii) Sustainable and inclusive market-driven partnerships (investment):
  - Strategic investment plans
  - Village agriculture infrastructure
  - Farmer investments: garden grants; farmer group grants; land use planning and allocation
  - Public-private investments

The project has achieved a disbursement rate of 98.85% of the original financing budget and 93.78% of the additional financing budget. All infrastructure investment subprojects have been completed. It is expected that all of the remaining activities (e.g. capacity building, agricultural activities, and endline survey) will be completed by 31 December 2022. The wind-up period of 6 months will start from January 2023 and finish by end of June 2023.

### II. Procurement Review

#### A. Procurement Plan

The approved PP for 2022 on 11 January 2022 were reviewed. In general, the PPs have followed the IFAD template with methods and thresholds entered. Costs in the “actuals” rows were updated. The total budget of the PP for 2022 is USD 957,237.3, of which USD 451,487.3 is for goods, USD 99,750 for works, USD 104,000 for consulting services, and USD 302,000 for non-consulting services.

However, it was found some errors in the PP, such as some activities are not non-consulting services; some contracts that use WFP fund need to be removed from the PP as they are managed and procured by WFP as in the Project design; some contracts need to be separated. These issues were discussed with the Procurement Officer of NPCO for correction during the mission. NPCO added a new package, named “Project IT equipment for Zoom meeting Equipment” into the PP. After revision, the total budget of the PP for 2022 is USD 505,487.3 and LAK 559,954,400, of which USD 411,487.3 is for goods, LAK 559,954,400 for works, and USD 94,000 for consulting services. The PP will need to be resubmitted to IFAD for NO.

The implementation of the PP in the first 6 months of 2022 is assessed as good as 100% of goods and works packages and 33.3% of consultancy packages (17% of the planned value) were procured. The procurement of Endline Survey Consultant is on-going. NCPO needs to accelerate the procurement process to ensure that the Endline Survey Consultant can carried out the work in the last quarter of this year.

#### **B. Review of Ongoing/Completed Procurement Activities and Documentation**

Reviews of procurement documents of some contracts (with the assistance of the PO as they are in the Lao language) showed that the values of contracts were small. Infrastructure subproject contracts ranging from USD 500 to USD 27,000 (Exchange rate: 1 USD = LAK 13,000). Contract of agricultural inputs ranges from a few hundred USD to several thousand USD. The procurement was mainly carried out by farmer groups with the support of DAFOs. PAFOs and DAFOs carried out some procurements related to office renovation and purchasing office furniture. NCPO carried out procurement on consulting services contracts for its staff and some good contracts, such as procurement of vehicles, for the project.

The mission visited an irrigation subproject in Tard Moun Village, a slaughterhouse in Nong Buao Village, a Barbed wire fence in Hua Keang Village (La District), and a water supply system in Nam Thuang Village, and an access road in Lao Pan 2 Village (Samphan District). In general, the construction quality is good. The investment in the irrigation subproject was divided into several segments of rectangle concrete canals, so the fragmented infrastructure will not bring impact to the project. In case the investment is small, the project should give priority to the intake only. The slaughterhouse is a PPCP subproject with AFN grant contribution of LAK 250,000. However, the observed facilities at the site showed that the cost was probably exaggerated by the enterprise. The mission recommends DAFO/PAFO/NPCO carefully review and appraise the cost estimate prepared by enterprises for PPCP grants before implementation.

The Project invested LAK 35 million for a barbed wire fence in Hua Keang Village. The cow-raising group constructed fences for 21 ha divided into different plots (farmers contributed wooden poles and labour). In the beginning, the group had 46 HHs with 185 cattle (cow and buffalo) and now it increased to 52 HHs with 344 cattle. The investment is efficiency. Regarding the water supply system in Nam Thuang Village, the Project provided LAK 200 million for construction materials and the village contributed labour. An intake, 8 km of pipe, 1 water tank, and 5 water points were constructed in the village to benefit 47 HHs. Village already set up a maintenance committee and collect money for maintenance and some money has been spent on taps, joins... The system is functioning well and the investment is assessed to be efficient.

The access road (Length: 2.1 km; Width: 3.5m) in Lao Pan 2 Village constructed by a contractor was reported to bring good benefit to local people. However, the cost of LAK 80 million/km (9.400 USD/km with the exchange rate of LAK 8,500 per USD 1 in 2019 when this road was completed) is 25.9% higher than the average cost of all access road in the Project. The Project may target a more cost-effective road. The village informed that maintenance fee was collected and some of

them have been spent. However, observation in the field showed that a part of the road was not in a good condition due to heavy rains in the week before the visit of the Mission.

**a. Process and Procedures from Prequalification to bidding:**

According to the approved Procurement Manual, the simple NS method was used for purchasing construction materials and agricultural inputs for contracts with costs of more than LAK 3,000 and less or equal to LAK 50,000 and full RFQ is for the contract from more than LAK 50,000 to less than or equal to LAK 500,000. The project does not have NCB contract in infrastructure subprojects. The application of the Force Account method was widely used. The project provided construction materials and the villages contributed labour and local materials and constructed the village infrastructure subprojects by themselves.

BOQs and simple designs (for infrastructure projects) were prepared by DAFO for Village Implementation Teams (VITs) and given to potential suppliers who were informed directly through relatives of villagers. Three quotations were usually achieved by VITs. The suppliers were mainly from the same district with a few of them coming from nearby districts. The villages contributed labour and local materials, such as wooden poles for animal barbed wire fencing and chicken house.

A review of procurement documents for the access road in Lao Pan II village showed that this contract was included in the “3.2.1.9 Grants to village accounts for approved infrastructure proposals” package (USD 2,030,000) in Goods category. Although a full RFQ was submitted to the mission and reported to be issued and distributed by the Village Authorities to prospective bidders, the documentation on this was not clear, this will need to be improved for AFN 2. This contract should have been separated and put in Works category. This contract should have been separated and put in Works category.

**b. Process and Procedures from Evaluation to Awards:**

Bids were evaluated by VITs through a committee that consisted of 3 – 5 persons. The contract is awarded to the lowest quoted price bidder. The contract was signed between VIT and the supplier with the endorsement of the village chief (sign and stamp). No complaints from suppliers have been received so far. Handover certificates are also signed among the 3 parties.

**C. Review of contract administration and management**

**a. Contract management and Administration:**

Contracts were managed by VITs with technical support from DAFOs. VITs have limited capacity, experience, and facilities for contract management. The contract form used for NS is taken from GOL's template. No advance payment was granted for contracts in villages, i.e. signed by VITs, and no performance guarantee was required. The payment was made only one time after the contract is completed and a handover certificate is issued (certified by the village chief). The contract implementation was carried out within the schedule and no contract amendment was noted. In general, payments to contracts were made timely with a few cases where delays were observed due lengthy approval process.

**b. Contract Monitoring Tool:**

As ICP-CMT system was rolled out in Laos in 2020. The review mission in 2021 requested that all contracts under AFN implementation from the 1 January 2020 onward (goods, works, consulting services, non-consulting services, PPCP grants, VIP Infrastructure grants, APG grants) need to be updated regularly into ICP-CM. However, by this mission, a total of 220 contracts were entered into ICP-CMT system, including 215 consulting services contracts and 4 goods contracts and 1 works contract. The total value of the entered contracts was only USD 2,040,730.8<sup>4</sup> versus USD 9.6 million in PP for 2020 and USD 0.42 million in PP for 2021. Obviously, many goods and works contracts specified in PPs for 2020 and 2021 have not been entered.

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<sup>4</sup> Some contracts in LAK were converted to USD using the exchange rate of USD 1 = LAK 14,687.6 as of 15 June 2022.

Works and goods contracts in districts are updated to NCPO monthly by PAFOs and DAFOs. The Project had small contracts. Works and goods contracts were managed by VITs and DAFOs.

Indicators	Value	Comments
Number of delayed contracts under implementation	5 contracts	The total contract under implementation is 43 contracts, so the delayed contract of 0-60 days accounted for 11.6%
Number of delayed contracts under implementation (120-200 days range)	USD 0	
Amount of delayed contracts under implementation	USD 58,400	The total of contract under implementation is USD 306,650. The delayed contract of 0 – 60 days accounted for 19%
Cost over runs contracts	0	
% of non-competitive contracts		83.6% in number (183 contracts versus 219 contracts).

**Note:** It should be noted that the total number of entered contracts was small compared to the actual number of contracts in the project. The entered contracts were mainly contracts managed by NPCO, so most of them were consulting services contracts. Therefore, the percentage of non-competitive contracts in ICP-CMT system does not reflect the real situation.

#### **D. Review of project’s procurement filing system and the ease of document retrieval**

At NPCO, records for contracts were filed for each province/district and categorized for works, goods, and services. NCPO started scanning hard copies to keep them in digital format. The original copies of contracts are stored at DAFOs in cabinets at DAFO offices. NPCO and DAFOs were able to provide procurement documents timely as requested by the mission.

#### **E. Assessment of further procurement staff training needs**

At the central level. NPCO has a PO, a Procurement Assistant, and a Procurement Consultant (part-time). The contract of the Procurement Assistant was already completed. The contract of the PO will be finished in July 2022. The Procurement Consultant still has some inputs till December 2022. The mission advises NPCO to remain the PO at least to the end of December 2022 for the remaining Project’s procurement works.

At the provincial level, the Project has a part-time government officer in each province in charge of procurement issues. This staff mainly play the role of administration and coordination, such as gathering reports from districts and submit to NPCO, not directly involved in procurement works.

At the district level, one procurement officer, who is a government staff, works part-time for the Project. The district PO is based at DAFO Project Office and provides support to villages.

As all infrastructure activities have been completed and some activities such as capacity building, Endline Survey are going to complete by the end of December 2022, no procurement staff training is needed.

### **III. Review of any significant changes in the Borrower/Recipient’s procurement system and practices**

No significant changes in Borrower/Recipient’s procurement system and practices.

The Force Account method is used widely by the Project. This method is appropriate for Lao conditions. Materials and equipment are procured by using the simple quotation method. The procurement with community participation is not appropriate because the number of HHs in the village is small (about 30-35 HHs) and capacity is low and they are not capable to compete with

each other. HHs from other villages are far away and are not interested. In addition, the literacy of farmers in the visited villages was very low and the use of ethnic minority languages rather than the Lao language is common in the communities. The role of VITs to lead the procurement and implementation process is important.

#### IV. Key findings and conclusions from the PRM assessment update

The Project complexity is assessed as medium risk as its location is spread and the implementation required coordination among partners and participation of farmer groups. IA's Procurement Strategy and Procurement Planning Process were assessed to have low risk. Procurement Management and Contract Administration systems and internal control /audit procedures were assessed to have low risk. Record keeping is assessed to be satisfied with low risk. IA's Procurement Personnel Capabilities and Procurement resources were assessed as low risk. IA performance was assessed as low risk.

#### V. Review of issues identified in the previous procurement supervision and aide-mémoire and procurement related issues identified in project audit reports

The issues identified in the previous procurement supervision have been reviewed. The Implementation Support Mission in November 2021 did not have the participation of a procurement specialist and no procurement section was found, so agreed actions were taken from the report of the Supervision Mission. The agreed actions include: i) Update Procurement Plan for 2021; ii) Update ICP Contract Monitoring; and iii) Self-Certification with IFAD Policy Compliance. Action i) have been completed. Action ii) need to be continued as the number of the entered contracts is too small.

#### VI. Procurement Performance Indicator Rating and Justification

Pillars	Rating	Justification for Rating
A. Procurement Planning Process	4	Procurement planning exhibits some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely
B. Processes and Procedures from Prequalification to Bidding	4	Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely
C. Process and Procedures for Evaluation and Contract Award	4	Processes and procedures applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. 21 Implementation support is required, however, prompt resolution of issues/constraints is likely.
D. Contract Management and Administration	4	Processes, procedures and systems for administration, supervision and management of contracts exhibit some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is likely
E. Record Retention and monitoring	4	The project's record retention exhibits some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is like
Overall	4	Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required, however, prompt resolution of issues/constraints is likely.



**I. Agreed Recommendations for improvement and follow-up actions for the Borrower/Recipient and/or IFAD**

**a) Recommendations**

<b>Actions</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
Revise Procurement Plan for 2022	NPCO	15 July 2022	Agreed
Continue to enter contracts into ICP-CMT system	NPCO	Continue	Agreed

**b) Follow-up (the table below shows the list of actions agreed during the previous Supervision Mission, together with updates on the status of such actions):**

<b>Recommendations</b>	<b>Responsibility</b>	<b>Agreed date</b>	<b>Actual status/Follow-up Action</b>
Update Procurement Plan for 2021	NPCO	April 2021	Done
Update ICP Contract Monitoring	NPCO	May 2021	On-going
Self-Certification with IFAD Policy Compliance	NPCO	Continue	On-going

## Annex 1 Procurement Check List

#1	Description	Check	Remarks
<b>A</b>	<b>Procurement Planning (for entire PP)</b>		
1	Are there planned dates for all procurements?	√	Yes.
2	Are the planned dates consistent with the procurement process and methods?	√	Yes.
3	Are the procurement methods consistent with the estimated budget for each procurement?	√	Yes.
4	Is the reviewed Procurement Plan an updated one?	√	Latest version
5	How many <b>updates</b> of the current Procurement Plan were submitted for the year?	√	2 updates
6	How many <b>upgrades</b> of the current Procurement Plan were submitted for the year?	√	2 upgrades.

#1	Description	Check	Remarks
<b>A</b>	<b>Bidding Process (Access Road in Lao Pan II Village)</b>		
1	Is the item in the Procurement Plan?	√	No. This item was not found in the PP for 2019
2	Is there a formal Procurement Requisition that initiates the process?	√	No. Potential suppliers were directly informed.
3	Is the Method proposed in the PP used?	√	N/A. This item was not found in the PP for 2019
4	Is enough done to demonstrate that competition was achieved?	√	Yes. Three quotations were found in the record
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	√	Yes.
6	Is there enough time allotted for bidders to prepare quotations, bids and proposals	√	Yes.
7	Ensure that no late bids were accepted	√	No.
<b>B</b>	<b>Evaluation Process (for each procurement)</b>		
1	Was Preliminary Examination done?	N/A	The bidders submitted quotes only.
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	N/A	The bidders submitted quotes only.
3	Was Technical Evaluation done?	N/A	The bidders submitted quotes only.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	N/A	The bidders submitted quotes only.
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	N/A	This is a civil work contract
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	N/A	The bidders submitted quotes only.
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	√	No request for clarifications was made
8	Were bidders given enough time to submit a challenge/protest?	√	No challenges/protest received.
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	N/A	This is a civil work contract.
10	Was Financial evaluation done and properly?	√	Yes.
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the	√	No correction was made.

	bidders were (i) notified and (ii) accepted the correction?		
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	√	No bidders were rejected.
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	N/A	This is a civil work contract.
14	Were challenges/protests received? Were they handled properly?	√	No challenges/protests were received.
<b>C</b>	<b>Award and Negotiations (for each procurement)</b>		
1	Was award done after all challenges/protests were received?	√	No challenges/protests were received.
2	Ensure that negotiations were not held for Goods and Works	√	No negotiation was made.
3	Ensure that negotiations were held for consulting services?	N/A	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	N/A	
<b>D</b>	<b>Contract, Contract Administration and Management Process (for each procurement)</b>		
1	Was the Contract signed by both parties? (A copy must be evident in file)	√	Yes. The contract was endorsed by the chief of village (signed and stamped)
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	√	This is NS method. The contract form is simple and taking from GOL's template.
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	√	Yes.
4	Was a Contract amendment made to extend	√	No amendment

**Notes:** The documents were in Lao language. The documents were reviewed by the Procurement Specialist with the support of the NPCO's PO.