

## Lao People's Democratic Republic

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

#### Mid-term Review

Mission Dates: 18/02/2020 - 04/03/2020

Document Date: 23/04/2020

Project No. 2000001131

Report No. 5386-LA

Asia and the Pacific Division  
Programme Management Department



## Abbreviations and Acronyms

<b>AFN</b>	Agriculture for Nutrition Project
<b>AWPB</b>	Annual work plan and budget
<b>CDD</b>	Community driven development
<b>CF</b>	Community facilitator
<b>DAEC</b>	Department of Agricultural Extension and Cooperative
<b>DAFO</b>	District Agriculture and Forestry Office
<b>DPC</b>	Department of Planning and Cooperation
<b>DPIO</b>	District Planning and Investment Office
<b>DHO</b>	District Health Office
<b>DONRE</b>	District Office of Natural Resource and Environment
<b>DRDO</b>	District Rural Development Office
<b>DTEAP</b>	Department of Technical Extension and Agricultural Processing
<b>ECU</b>	Extension and cooperative unit
<b>FAO</b>	Food and Agriculture Organization
<b>FDI</b>	Foreign Direct Investment
<b>FNS</b>	Farmer nutrition school
<b>GAFFSP</b>	Global Agriculture and Food Security Program
<b>GALS</b>	Gender action learning system
<b>GIS</b>	Geographic information system
<b>GOL</b>	Government of Laos
<b>GST</b>	Group support team
<b>HGNPD</b>	Health Governance and Nutrition Development Project
<b>IFAD</b>	International Fund for Agriculture Development
<b>KDP</b>	Kum Ban Development Plan
<b>KM</b>	Knowledge management
<b>LWU</b>	Lao women union
<b>MAF</b>	Ministry of Agriculture and Forestry
<b>MIS</b>	Management information system
<b>MDG</b>	Millennium Development Goal
<b>MOH</b>	Ministry of Health
<b>MPI</b>	Ministry of Planning and Investment
<b>NAFRI</b>	National Agriculture and Forestry Research Institute
<b>NNSPA</b>	National Nutrition Strategy to 2025 and Plan of Action 2016 – 2020
<b>NPCO</b>	National Project Coordination Office
<b>NPSC</b>	National Project Steering Committee
<b>ODA</b>	Official Development Assistance
<b>PAFO</b>	Provincial Agriculture and Forestry Office
<b>PAR</b>	Participatory action research
<b>PHO</b>	Provincial Health Office
<b>PIM</b>	Project implementation manual
<b>PoNRE</b>	Provincial Office of Natural Resource and Environment
<b>PPP</b>	Public private partnership
<b>PPSC</b>	Provincial Project Steering Committee
<b>PRF</b>	Poverty reduction fund
<b>RIMS</b>	Results and Impact Management System
<b>SEDP</b>	Social economic development plan
<b>SIP</b>	Strategic investment plan
<b>SSFSNP</b>	Strategic Support for Food Security and Nutrition Project
<b>SSWGU<sub>p</sub></b>	Sub Sector Working Group Uplands
<b>TA</b>	Technical assistance
<b>TOT</b>	Training of trainer
<b>TSC</b>	Technical Service Center

**VDP** Village development plan  
**VIT** Village Implementation Teams  
**WASH** Water, sanitation and health  
**WFP** World Food Program

## 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:	B
Project Name:	Strategic Support for Food Security and Nutrition Project - GAFSP funds	Climate Risk Classification:	2
Project ID:	2000001131	Executing Institution:	Ministry of Agriculture and Forestry
Project Type:	Storage, processing and marketing	Implementing Institutions:	Ministry of Agriculture and Forestry
CPM:	Thomas Rath		
Project Director:	Mr. Sisovath Phandanouvong, National Project Director, AFN project, Department of Planning and Cooperation, MAFF		
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:	28/06/2019
Signing Date:	14/05/2016	Date of Last SIS Mission:	04/03/2020
Entry into Force Date:	28/04/2016	Number of SIS Missions:	4
Available for Disbursement Date:	29/08/2016	Number of extensions:	0
First Disbursement Date:	02/09/2016	Effectiveness lag:	0 months
MTR Date:	18/02/2020		
Original Completion Date:	30/06/2022		
Current Completion Date:	30/06/2022		
Financial Closure:	not available yet		

### Project total financing

IFAD Financing breakdown		
Domestic Financing breakdown	Beneficiaries	\$2,900,000
	Private sector local	\$459,000
	National Government	\$5,436,000
Co-financing breakdown,	Global Agriculture and Food Security Programme/IFAD	\$24,000,000
	Global Agriculture and Food Security Programme	\$6,000,000
<b>Project total financing:</b>		<b>\$38,795,000</b>

### Current Mission

Mission Dates: 18/02/2020 - 04/03/2020

Days in the field: 07

Mission composition: Julian Abrams - Team Leader, Sakphouseth Meng- Project Management and M&E Specialist; Alvaro Fernandez- Financial Management Specialist; Phan Duy Toan - Procurement Specialist; Joyce Njoro- IFAD Lead Nutrition Specialist; Nguyen Ngoc Quang - Value Chain and Rural Development Specialist; Soulivanh Pattivong - IFAD CPO . Marie-Aude Even - IFAD Senior Agriculture Specialist provided support from distance.

Thomas Rath, IFAD Country Director, participated in the early stages of the Mission and provided support from distance thereafter

Field sites visited: Phongsaly Province, Khua District: Kon Ngiew, Tunhah, Houay Muan, Houay Khang, Mai villages and Muang Khua town  
Phongsaly Province, Mai District: Park Phae, Park Yuan, Phoung Yang, Sen Art, Houai Vangmai, Houai Oun villages and Muang Mai town  
Oudomxai Province: Oudomxai town:

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	Ø	Rating	Project Management	Ø	Rating
Effectiveness		4	Quality of Project Management		4
Targeting and Outreach		4	Knowledge Management		4
Gender equality & women's participation		5	Value for Money		3
Agricultural Productivity		3	Coherence between AWPB and Implementation		4
Nutrition		4	Performance of M&E System		4
Adaptation to Climate Change		4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)		4

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

<b>Relevance</b>		<b>3</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

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 support of the National Nutrition Strategy 2016-25 and Plan of Action 2016 – 20 (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 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.

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 Houaphan. The project is implemented through three technical components: (1) Strengthened public services; (2) Community-driven agriculture-based nutrition interventions; and (3) Sustainable and inclusive market-driven partnerships. The GAFSP grant to IFAD finances Components 1, 3 and project management costs, while the GAFSP grant to WFP finances Component 2.

IFAD, as the main supervising entity of implementation, conducted the AFN Mid Term Review Mission in partnership with the GoL (MAF, Ministry of Planning and Investment (MPI) and the Provincial and District relevant line agencies of the AFN targeted provinces and districts) and WFP from 17<sup>th</sup> February to 4<sup>th</sup> March 2020. Mission objectives were: (1) assess project performance and the extent to which project objectives have been or will be fulfilled; (2) assess the operational aspects of the project such as project management and implementation of activities, financial management and disbursement arrangements and monitoring and evaluation (M&E); and, (3) where necessary, to agree corrective actions needed for the project to achieve its planned results.

The mission conducted field visits in two target Districts (Khua and Mai) of Phongsaly Province from 19<sup>th</sup> to 26<sup>th</sup> February 2020, discussing with project beneficiaries, village authorities, agriculture sector entrepreneurs and implementation agencies and inspecting project outputs. Project staff from all target Provinces participated in field activities which included presentations and discussions on the first day and a feedback and review workshop on the final day, both in Khua District centre.

In Vientiane, the mission held a meeting for introduction and guidance with H.E. Dr. Phouangparisak Pravongviengkham, Deputy Minister of MAF. The mission held meetings with representatives of MAF DoPF, Department of Technical Extension and Agriculture Processing (DTEAP), National Agriculture and Forestry Research Institute (NAFRI), WFP, Food and Agriculture Organisation (FAO) and Ministry of Health (MoH). The Mission Aide Memoire was discussed at a pre-wrap up meeting on 3<sup>rd</sup> March 2020 and was presented at the formal wrap-up, chaired by H.E. Deputy Minister, on 4<sup>th</sup> March 2020.

The mission would like to express its appreciation to the GoL, MAF, MPI and other related ministries and departments, NPCO and all stakeholders met at national, provincial and district levels, as well as the beneficiaries met for their cooperation and hospitality extended to the mission.

### Key Mission Agreements and Conclusions

Implementation progress during 2019 was impressive. Preparation of 29 sustainable livelihood technologies based on Participatory Action Research (PAR) was completed and upgrading of 14 Technical Service Centres (TSC) is nearly complete. Village plans have been prepared in 400 villages. Farmer Nutrition Schools (FNS) have been established in 400 villages and 305 Village Nutrition Centres constructed, with almost all pregnant women and mothers of children under two years old participating in nutrition education. Priority infrastructure has been identified in all villages and 370 sub-projects completed, with 94 under construction or planning. The project has formed 710 Agriculture Production Groups (APG) and disbursed 362 group grants. Garden grants have been disbursed to 6,843 FNS trainees. Formation of Public-Private-Community Partnerships (PPCP) has proceeded more slowly, with two grants approved and a further five entrepreneur partners in process of preparing proposals.

Despite this rapid progress, sequencing of activities and coordination between components has been inadequate. Investments in TSC and in preparation of the PAR packages has not yet resulted in significant transfer of knowledge to farmers, while the key farmer-to-farmer extension strategy remains in draft. District and Village planning activities have not resulted in integrated, nutrition-sensitive plans nor in convergence with non-agriculture elements of the NNSPA. Farmer group management capacity is weak. The APG grants have largely been disbursed before dissemination of the PAR technologies so farmers rely on familiar techniques. The 12 Strategic Investment Plans (SIP) prepared do not match the needs or interests of the PPCP entrepreneurs.

Implementation of the current AWPB 2020, including commitments carried over from 2019, may result in full disbursement of the GAFSP grant to IFAD by mid-2021, leading to early closure of the project. If this occurs, the project will not fully achieve its objective and planned outcomes.

Consequently, planned activities and expenditures should be revised to maximise direct impacts in the target villages, building upon the already substantial achievements. Activities through national level institutions can be reduced. The project should broaden and deepen nutrition education activities, disseminate the most promising PAR models through on-farm demonstrations and farmer-to-farmer learning, coordinate farmer training activities of TSC, District Agriculture and Forestry Office (DAFO) and PPCP entrepreneurs and, if possible, reallocate funds so that poorer farmers can receive additional grants to finance replication of demonstration activities.

### Key Agreements

The revised Project Logical Framework (logframe) agreed by the Project and the Mission and annexed to this Aide Memoire will be adopted. This revised logframe retains Goal, Objective and most Outcome level indicators (though in some cases definition of indicators and methods of measurement are refined) but reflects realistically achievable output targets by the end of the project.

The Project will revise and re-submit the AWPB 2020, together with an indicative AWPB for 2021 and winding up expenses in Q1 2022, showing how remaining funds will be used to achieve the physical output targets indicated in the revised logframe.

The unallocated category will be re-allocated to expenditure categories required to finance the rest of the project. The required reallocation is indicated in an Annex to the Mission Aide Memoire.

The Project will review the draft Exit Strategy in the light of the Mission recommendations and with a focus on ensuring sustainability of the FNS and APG. The revised Exit Strategy will be submitted to IFAD for No Objection by end June 2020.

## D. Overview and Project Progress

Implementation of **Component 1 (Strengthened Public Services)** is rated as **moderately unsatisfactory (3)**. Execution has consistently fallen short of AWPB targets. The component is intended to establish a tiered Project planning, supervision, monitoring, knowledge management and learning system within MAF, but there is limited evidence of systematic progress other than development of a multi-project MIS system, called ProMIS, which is almost

complete. The ProMIS indicator set should be shared with development partners for comment, ProMIS should be capable of tracking outputs at village level.

The project has developed and documented 29 sustainable livelihood technologies identified through participatory action research (PAR) and has improved capacity of 14 Technical Service Centres (TSC), however these activities have not been well coordinated with other components and have not yet resulted in improved services in most target villages. The project has established forage plots using planting materials produced on TSC. Up to end 2019, 34 tonnes of forage planting materials had been produced on these plots and distributed to farmers.

In the remaining period the project should focus on bringing the PAR models to farmers. The Farmer-to-farmer strategy should be finalised as a matter of urgency. All project-supported farmers should have the opportunity to participate in on-farm demonstrations of at least one home-consumption / garden crop, one small livestock technology and one cash crop, appropriate to local needs and farmer interests. So far as is possible with the resources available, the project should endeavour to strengthen the management capacity of farmer groups, within available resources. There is a need to establish a sustainable supply chain for forage planting materials.

Implementation of **Component 2 (Community-driven agriculture-based nutrition interventions)** is rated as **moderately satisfactory (4)**.

The project has not yet succeeded in supporting preparation of quality **Multi-Sector Nutrition Plans** through the District Nutrition Committees (DNC). Reasons include weak leadership of DNC, lack of DNC members' awareness of their role in nutrition and how this links with their sectoral priorities, especially for non-health sectors, absence of common nutrition targets for the districts, limited knowledge, and inadequate attitudes and skills for collaborative working. The Mission considers this activity as critical to the project design logic and to supporting nutrition-sensitive village planning.

**Village Infrastructure Plans (VIP)** have been prepared in 400 target villages but this activity falls short of the project intention to mainstream nutrition into cross-sectoral Village Development Plans (VDP). The project has conducted a limited pilot of land use planning (LUP). Land titling is too complex and time-consuming to be achieved at any scale with the project resources. Some villages have LUP already or will receive support for LUP from other projects.

**Farmer nutrition schools (FNS)** have been established in all 400 villages with 288 village nutrition centres constructed, 1,213 village facilitators trained and 20,133 participants. Of these, 18,025 are women and 10,895 are pregnant women and mothers of children under two years). Participation in successive rounds of FNS training is declining and there is a need to broaden the approach to maintain interest. The FNS educational materials are standardised rather than adapted to the food culture of the different ethnic communities and do not build on existing local knowledge. The four modules of the training mainly covered production and did not include post-harvest preservation or food processing techniques

The project should strengthen nutrition coordination and planning through the DNC including by assisting preparation of District Convergence Plans, by improving the coordination of DNC and building its capacity for functional competencies such as leadership, advocacy, partnerships, planning, coordination, basic nutrition knowledge and awareness etc. DNC should conduct annual coordination meetings with Provincial Nutrition Committee for monitoring and knowledge sharing. The project should support compilation of nutrition-sensitive VDP. In villages that do not have LUP and are not planned for LUP support from another project, a simplified LUP should be prepared as part of the VDP process.

The project should broaden participation in FNS activities to include all women of childbearing age and should ensure nutrition awareness reaches the whole village population. Nutrition educational materials should be updated to materials to ensure (i) relevance to the wider audience (ii) building on the rich local knowledge and cultural practices that promote nutrition (iii) expand the scope based on learners needs e.g. on post-harvest handling and food processing. There should be a stronger focus on local food varieties for sustainability.

Implementation of Component 3 (Sustainable and inclusive market-driven partnerships) is rated as moderately satisfactory (4).

**Strategic Investment Plans (SIP)** have been prepared for 12 Districts but it is not clear that these SIPs are used as an informed framework for commercial and climate change adapted investments in village infrastructure, APG activities and PPCP investments. Rather than prepare additional SIP the project should document and strengthen use of those already developed.

**Village agriculture infrastructure investments** include farm roads, irrigation, water supplies, cattle fencing, fish-ponds and other agriculture related investments, with 370 schemes complete, 69 under construction and a further 25 planned for 2020. Operation and maintenance committees and user fee collections have been established. The mission noted the low technical quality of roads, reflecting budget constraints, but the terrain is very challenging for road building and cost-cutting results in environmental damage and poor sustainability. Irrigation schemes are likely to provide adequate returns on investment but the benefits are shared by few farmers at high cost per beneficiary.

Cost-effectiveness of infrastructure should be ensured by eliminating schemes with excessive cost per beneficiary or high unit costs (cost-per-hectare for irrigation, cost-per-kilometre for roads). Construction supervision should be strengthened. Sub-projects must comply with the environmental standards in the village infrastructure guidelines. Where the budget is insufficient for technical and environmental sustainability, road schemes should be cancelled.

Of a target 15,000 **garden grants** to FNS participant women, 10,894 garden grants have been requested and 6,843 grants disbursed. This programme is considered a success. However, strong leadership support is required to link effectively the choice of activities with the nutrition planning.

To date 710 **APGs** have been formed with participation of 11,508 households. APG grants have been disbursed to 362 groups, benefitting 3,502 households, of which 1,766 are poor. Progress is somewhat slow in comparison to the project target of 1,300 APG and 650 grants. To be effective, APG need stronger facilitation and integrated in production, post-harvest, group administration, business skills development and market connections, and group M&E. The project has promoted a narrow range of single-commodity interventions and the effectiveness of these for improved nutrition and livelihoods is not clear.

The scope of activities eligible for garden grant support should be broadened to include activities such as food processing, and the choice of activities should be better linked to nutrition planning. The final number of APG formed should be 800, with all APG to receive grants. Quality and performance of APG should be improved through: (i) ensuring the group size of less than 20 members, and (ii) continuous/refresher training on group management and use of funds. M&E should be strengthened to demonstrate nutrition and livelihoods impacts of the grant activities.

Development of **Public-Private-Community Partnerships (PPCP)** has proceeded slowly and cannot reach the original target of 20 PPCP. Seven enterprises have been identified, with one grant under implementation and six applications are in process. The Mission concurs with the project intention to reduce the total number of PPCP to ten.

Project staff and line agencies lack expertise needed to assess proposals and there are few skilled business advisers suitable to support the PPCP enterprises to formulate business plans and proposals. There are few formally registered enterprises and these lack management, planning and accounting capacity to meet PPCP requirements. Risk and benefit sharing with farmers are not well understood or defined.

PPCP implementation should be accelerated through (i) intensive hands-on technical support to enterprises for proposal development and financial and procurement management of the co-investments; (ii) translation of proposals for IFAD review; and (iii) once enterprises have fulfilled all necessary conditions the grant transfer should be transferred without delay.

Also under this sub-component the project planned to support establishment of 25 registered agriculture cooperatives or community-based agro-enterprises. No progress has been made on this activity and the Mission concurs with the project that the activity should be dropped.



<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<p><b>Component 1 - Share ProMIS Indicator Set</b></p> <p>The PROMIS indicator set should be shared with IFAD and other development partners of MAF for comment and early alignment with future project design. PROMIS to track outputs at village level.</p>	MAF	03/2020
<p><b>Component 1 -Prioritise Roll-Out of Selected PAR Models</b></p> <p>Select 10 PAR models of highest value to APG farmers. Develop visual learning materials, print and distribute for use</p>	NPCO/NAFRI	03/2020
<p><b>Component 1 -Finalise F2F Strategy</b></p> <p>Finalise, approve and disseminate farmer-to-farmer extension strategy as a matter of urgency. The strategy should cover both technical training (production and post-harvest) and capacity development for group administration, business skills and market connections, and group monitoring and evaluation.</p>	NPCO/DTEAP	03/2020
<p><b>Component 3 - Cancel Agriculture Cooperatives activity</b></p> <p>It is agreed that this activity is dropped from the project.</p>	NPCO	03/2020
<p><b>Component 1 -Sustainable Supply of Forage Planting Materials</b></p> <p>Review sustainability of forage planting material supply chain and propose actions to ensure supply post-project</p>	NPCODTAEP	06/2020
<p><b>Component 2 - Develop capacity of District Nutrition Committee</b></p> <p>Provide training to DNC members on functional competencies such as leadership, advocacy, partnerships, planning, coordination, basic nutrition knowledge and awareness etc</p>	NPCO/WFP	06/2020
<p><b>Component 2 - Improved Nutrition Sensitive Village Development Plans</b></p> <p>Prepare annual village development plans for funded activities and develop capacity of the chief and other local committees to monitor and ensure coordination at implementation</p>	NPCO/WFP	06/2020
<p><b>Component 2 - Update IEC Materials</b></p> <p>Update the Information, Education and Communication (IEC) materials to ensure (i) relevance to the wider audience (ii) building on the rich local knowledge and cultural practices that promote nutrition (iii) expand the scope based on learners needs e.g. on post-harvest handling and food processing</p>	NPCO/WFP	06/2020
<p><b>Component 2 - Annual Progress Monitoring Meeting</b></p> <p>DNC to conduct joint meeting with PNC one time per year for progress monitoring, knowledge sharing and learning. Farmers should also be invited to share their experiences</p>	NPCO/WFP	12/2020
<p><b>Component 3 - PPCP Acceleration</b></p> <p>Final number of PPCP will be 7. Accelerate PPCP implementation and disbursement by:  (i) Deliver intensive hands-on technical support to enterprises/farms for full-fledged proposal development, and financial and procurement management of the co-investments;  (ii) Translate the submitted PPCP proposals into English and submit to IFAD for review;  (iii) Transfer the payment to enterprises/farms if they have fulfilled all their commitments as per proposal and procurement plan;  No further PPCP to be initiated</p>	NPCO	12/2020
<p><b>Component 1 -TSC to Focus on Direct Services to Farmers</b></p> <p>No further demonstration activities or expansion of fodder seed production on TSC sites. No new TSC to be supported (final number 14). TSC to conduct high-quality on-farm demonstrations of priority PAR models as learning opportunities for DAFO as well as farmers.</p>	TSC	
<p><b>Component 1 -On-Farm Demonstrations</b></p> <p>Using PAR models conduct on-farm demonstrations with Lead Farmers and APG. By end of project all APG and FNS farmers to have opportunity to participate in (1) demonstration of garden crop activity; (2) demonstration of livestock activity; and (3) demonstration of cash crop activity.</p>	DAFO and TSC	

<p><b>Component 1 - Strengthen APG Capacity</b></p> <p>Train APG in group administration, business skills and market connections, and group monitoring and evaluation</p>	DAFO	
<p><b>Component 2 - Improve coordination of District Nutrition Committee (DNC)</b></p> <p>Provide coaching and facilitation support to build a collaborative working culture of the DNC while implementing their existing convergence plans, supported by the district leadership</p>	NPCO/WFP	
<p><b>Component 2 - Broaden Participation in FNS</b></p> <p>Participation in future FNS should include all women of reproductive age, adolescent girls and care givers such as grandmothers and fathers. Also ensure awareness raising reaches whole population of village.</p>	NPCO/WFP	
<p><b>Component 2 - Focus on Locally Available Foods</b></p> <p>Prioritise diversity of production and locally available foods that are adapted to the environment in home garden activities for greater sustainability and scalability</p>	NPCO/WFP	
<p><b>Component 2 - Support Additional Garden Grants</b></p> <p>Component 2 funds will be used to support additional Garden Grants to FNS participants to enable them to replicate demonstrations of nutrition-relevant production technologies, post-harvest, food processing etc</p>	NPCO/WFP	
<p><b>Component 3 - Broaden scope of home garden grant and link to planning</b></p> <p>The scope of activities under the home garden grants should be expanded e.g. to include post-harvest processing. Training should help grantees to choose activities linked to nutrition planning at District and village level.</p>	NPCO, DAFO, WFP	
<p><b>Component 3 - Poverty focus and targeting of APGs</b></p> <p>Strengthen poverty reduction effectiveness of APGs through: (i) assessing the quality of the existing APG investment models, (ii) modifying or ceasing investing in models that do not have sufficient poverty reduction impact and/or do not reach vulnerable groups, (iii) expanding successful models, and (iv) including new on farm models that show high potential.</p>	NPCO/PAFOs/DAFOs	
<p><b>Component 3 - Quantity and quality of APG</b></p> <p>Final number of APG will be 800. All APG will receive grants. Improve quality and performance of APG through: (i) Group size to be maximum 20 members, (ii) training on group management, and use of fund; and (iii) strengthening M&amp;E to ensure vertical and horizontal flow of information as well as results and impacts</p>	NPCO/ DAFOs	
<p><b>Component 3 - Ensure Cost-Effectiveness of Infrastructure</b></p> <p>Appraise VDF infrastructure proposals for investment approval to ensure effectiveness and efficiency of investment. Set maximum cost per hectare and cost per benefiting household for irrigation, cost per kilometer for access road, cost per people for water supply. Reject proposals exceeding maximum</p>	DAFO/PAFO/NPCO	
<p><b>Component 3 - Strengthen Quality of Infrastructure Construction</b></p> <p>Strengthen supervision VDF infrastructure construction to ensure construction quality in line with designs and technical specifications</p>	DAFO/PAFO/Project Engineers	
<p><b>Component 3 - Compliance with Environmental Standards</b></p> <p>Ensure compliance with environmental standards, particularly for road design and construction. If the budget for a road sub-project is not enough for technical and environmental sustainability, the sub-project should be cancelled</p>	DAFO/PAFO/Project Engineers	

## E. Project implementation

### a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 3

Justification of rating

The project has made rapid implementation progress since the previous supervision mission. The project is on course to achieve over 70% of physical outputs. However, sequencing and coordination between components has been weak and this has limited the development effectiveness. In particular, capacity development under Component has under-performed in relation to the AWPB and has lagged behind investments under Component 3, with the result that investments are not achieving the full potential impact.

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

At MTR, project reaches out 27,707 HH or 80% of the plan target (2% are women headed HH). Following the project midline survey, the incidence malnutrition among two years old children has been reduced to 33.1% in 2019. Based on this survey, the project goal to reach 50% of the incidence malnutrition by the end of the project completion is most likely on track. In term of achieving its development objective, AFN has reduce the poor HH from 70% at baseline to 57% by increasing HH income per capita to above \$270/yr in the target village.

Providing that only 32% fund is available to achieve the remaining target, project could face a serious shortfall in achievement of the project results on livelihoods and poverty reduction. To cope with this situation, the project orientation after MTR is to focus on the soft investment at the village level. The logframe indicators has been revised during the mission to ensure that all are SMART (Specific, Measurable, Achievable, Relevant, and Timely) in line with the proposed new orientations after MTR and include a core indicator as per IFAD Operational Results Management system (ORMS).

#### Development Focus

**Targeting and Outreach** **Rating: 4** **Previous rating: 4**

##### Justification of rating

The AFN target group consists of all households in 400 villages which were selected as the poorest in the target district. Of these 72% are members of ethnic minorities. Villages keep lists of poor households but these are not always available. All poor households and all mothers who are expectant or with children under 1000 days receive direct support. The project interventions respond well to the basic needs of the poor. With 80% of the plan target achieved, woman headed households make up only 2%. No target has been set for rural youth. The project has not prioritised woman headed households, or youth, while poor and non-poor households have equal access to grants.

**Gender equality & women's participation** **Rating: 5** **Previous rating: 5**

##### Justification of rating

As per the findings of the previous mission, the project has expanded the agency and decision making especially for pregnant women and mothers of under 2 children especially those participating in the FNS activities and garden grants. They have improved access to knowledge that aids in decision making especially on nutrition, resources invested in home gardens that are generating financial profit and accumulation of assets. Women are experiencing reduced workload especially during pregnancy. The project is applying targets to ensure women participation in the decision-making bodies. This same level of empowerment is needed for the APG beneficiaries as well since they are male dominated. The PMU does not have in place a staff or focal point responsible for gender and targeting. The proportion of women targeted by the project is 62%.

##### Main issues

Increasing women agency: The mission observed that the to a large extent APGs were male dominated a fact that compromised women's agency. The mission team proposes to widen the target of the women participating in the FNS training to cover women of reproductive age more broadly (including those in APGs HH)

To facilitate women's participation, the mission team also proposes targeting of the older women and men to address cultural and social barriers to women empowerment

In the absence of a gender specialist, the mission team proposes to expand the TORs of the nutrition specialist to handle aspects of gender and targeting.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Targeting</b> Upgrade the ToR of the Nutrition Specialist to a Social Inclusion Focal Point who will take care all core mainstreaming activities including targeting, gender and nutrition.	NPCO	03/2020
<b>Gender Training for APG</b> Incorporate a training on nutrition and gender empowerment into the training of APG members	NPCO/WFP	

**Agricultural Productivity** **Rating: 3** **Previous rating: 4**

##### Justification of rating

With its broad range of activities (home garden, APG, PPCP) related to agriculture, the project had agricultural productivity as one of its focal areas. However, the implementation of activities until date has a very low effect on agricultural productivity. There is not yet record or statistics showing that project activities lead to increase in agricultural productivity. It is also noted that Project Log-frame puts more weight to measuring increased value of commodities and incremental income of beneficiaries. This to a certain extent inhibits the tracking of agricultural productivity.

##### Main issues

The design and implementation of extension approaches (through TSC) show serious flaws concerning investment quality and outreach to farmers. Despite intensive investments to 14 TSCs in machinery procurement and input materials for demonstration, the outreach to farmer is almost zero leading to increased risk of failure in both home gardening and farmer group grants.

Agronomic activities require special attention by the project as they are still poorly implemented. The project promotes narrow range of agriculture technologies with an emphasis on monoculture production which inhibits the advantages of integrated farming system. Similarly, livestock rearing systems often require a more complex approach to intensification compared to crop production, and the project appears to have failed to introduce such technology. Especially, issues of roughage and feed supply, and basic animal health management have been neglected.

**Nutrition** **Rating: 4** **Previous rating: 4**

## Justification of rating

Nutrition interventions through the FNS and home gardens are progressing very well and the women we spoke with were very happy and wished for these interventions to continue. The project should however go beyond targeting for the first 1000 days, to include tailored packages for household members and vulnerable groups. Districts level coordination of nutrition is not functional. At the village level, there is some convergence between AFN and HGNP interventions but more capacity. Nutrition interventions, including IEC materials should build on the rich indigenous knowledge of the target communities e.g. on food practices, diets and indigenous foods. Coordination of nutrition between the three project components is weak.

## Main issues

**Coordination between components:** To achieve effective project results it is important that coordination is strengthened and linkages made between the three project components. For example, home garden gardens (Comp. 2) should benefit from PARs and extension services in Comp.1 1 and closely coordinate with garden grants in Comp. 2.

**District level multi-sectoral convergence planning:** The district convergence planning has not taken off in the 12 districts despite various activities conducted in 2017 and 2018. The main issues affecting the convergence are related to the committee's leadership, level of focal point awareness of their role in nutrition and how this links with their sectoral priorities, especially for non-health sectors, absence of common nutrition targets for the districts, limited knowledge attitudes and skills of working collaboratively. The mission team deems this activity as critical to ensure the convergence of nutrition priorities at the village level proposes to strengthen capacities in all 12 districts.

**Village development planning.** Early in implementation, the project changed focus from VDPs to preparation of more limited "Village Infrastructure Plans" (VIP) should result in identification of infrastructure projects supporting improved nutrition. Despite this the capacity of planning for nutrition is limited and the mission recommends that the village chief and other local committees are strengthened to compile annual integrated plans incorporating funded activities.

Through partnership with the MAF and MONRE, LUP was piloted in 10 villages of Huaphan province for 465 HHs. While this activity is way below the target of 10,000 households, some villages have received LUP support from other projects and GOL so these plans may already be available. The scope of this activity was envisaged to include issue of formal land titles, however, this titling is very time-consuming and it cannot be completed at any significant scale with the time and resources available to the project.

**Farmer nutrition schools:** The target group for FNS is mainly pregnant women and mothers of under twos and as an incentive to receive a garden grants. As a result, as witnessed during the field visits, the number of participants in the school were declining within the third cycle (0-4), thereby risking sustainability. Some of the villages have opened the training beyond the target group of 1000 days and this practice needs to be scaled up. The training should also be de-linked from the grants. The project should ensure that all FNSs have sanitation facilities and drinking water supply.

The mission sees the value of sustaining the FNS activities and options of how to continue with food demonstrations, incentivising and updating the skills of facilitators should be explored in collaboration with other stakeholders.

**Household availability and utilisation:** Out of the 18,025 women trained in the FNS, a total of 10,895 have applied for grants to invest in home gardens, and 5,696 of these have received the grants. The backlog should be disbursed immediately without further delay.

To translate the APG investments into nutritional benefits the APG members should receive a training package on nutrition as a basic requirement. Many of those interviewed mentioned that they were using the profits for own consumption, although it is evident that the primary focus is sale especially for those who have to repay the grants.

<b>Adaptation to Climate Change</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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## Justification of rating

Climate change adaptation is more a cross-cutting issue as the project puts more attention to nutrition aspects. However, the design of project instruments including PAR, VIP, home garden, and APG has climate change resilient and/or adaptation as one of conditions for investment. The CCA approach is following the principles of diversity, efficiency, capacity to change, and information availability. Implementation results still do not reflect the ideas of the design due to slow progress and limited effectiveness and outreach of extension services.

## Main issues

Significant effort is required to accelerate the project progress to show full-fledge of CCA efforts. Project and implementing partners must work harder to promote and replicate environmentally-friendly production models which are available in the region such as solar panels for irrigation, drip irrigation, fodder production in the concentrated livestock zones, probiotics production as the bio-matress used in the livestock production, system rice intensification. IFAD can assist the project to share information and learn lessons from innovative projects elsewhere in Asia-Pacific region. The diversified offering of crops and livestock has demonstrated producing more nutrition and income from the available seasons, and also addressing specific value chain constraints to improve the efficiency of production. Investments for both community and on-farm activities will provide a range of possibilities for farmers to reduce their vulnerability to climate change. Effort is also required to mainstream CCA into district and village planning system that should ensure all of subsequent investments are climate informed.

## b. Sustainability and Scaling up

<b>Institutions and Policy Engagement</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>
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## Justification of rating

The project is aligned with and supports implementation of GoL policy and strategy, notably the NNSPA and Extension Strategy. However, the key activity to tiered Project planning, supervision, monitoring, knowledge management and learning system within MAF has produced only limited results. Institutional capacity building has not yet resulted in large-scale benefits to target villages.

## Main issues

Since AFN works mainly through the MAF's systems and institutions, it has to some extent influenced the policy and institutional framework on the decentralization, nutrition and agriculture policy. Project support the preparation of District Multi Sectoral Planning, the instrument to implement National Nutrition Strategy and Plan of Action 2016 – 2020, but additional effort is required to make this plan operational. On the ground, the impact of AFN, especially on the food and nutrition, is relied heavily on administration the village level to synergy different intervention including AFN on the food and nutrition programme. This has not been in place.

AFN is designed to build the capacity of a range of institutions (MAF, DTEAP, NAFRI, DAFO and TSC) under Component 1 as well as District Nutrition Committee under Component 2. Some progress has been made but efforts have not been well coordinated or delivered significant results in terms of improved services to target villages. Capital investments in TSC (buildings and equipment) were to be based on sustainable business plans for the TSC to become self-financing institutions, and it appears that GoL intends to finance only staff costs for TSC in future. TSC have some limited capacity to generate

income from sales of inputs (planting materials, fingerlings). The "outcome based contracts" under which TSC were to deliver services to farmers under AFN do not appear to have any potential to develop into a sustainable self-financing mechanism, at least in the AFN target villages, and do not appear to create any effective accountability of TSC as service providers to the farmers.

<b>Partnership-building</b>	<b>Rating: 4</b>	<b>Previous rating: 5</b>
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**Justification of rating**

The Project is implemented in close collaboration with government and non-government entities at Central, Province, District and village levels and steps have been taken to set-up collaboration.

Partnership with the communities is shaped through the establishment of Village committees, FNS, APGs, and Infrastructure Supervision Committees, with explicit participation of poor, women and ethnic minorities. These groups require more capacity building to ensure sustainability after project completion.

**Main issues**

The cooperation between the NPCO and the government entities at different levels does not necessarily mean that joint action between government entities is strong; and in effect possible synergies between elements of the AFN are not realised. Delayed PAR implementation, low quality of extension services are the points in case.

With respect to beneficiary groups; there are risks for sustainability of APGs which do not have production plan and/or group management regulations. The successful implementation of the APG requires a focus on agricultural technology that is affordable by the poor; extension services that effectively disseminate the merits of such technologies; and a realisation that the support rendered is a one-off boost for productivity, rather than a recurrent government subsidy.

<b>Human and Social Capital and Empowerment</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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**Justification of rating**

The capacities of women and men in the project have shown some improvement. Main avenues of capacity development are trainings and learning by doing. Through the FNS training, women have better capacities on feeding practices, WASH, establishment of home gardens for nutrition. The FNC also offers a platform for knowledge exchange among the beneficiary women. The APG beneficiaries have also gained technical and basic managerial capacity to manage various production enterprises. These capacity-building events are conducted collectively through various groups. The project is also leveraging on a social capital for example social sharing of foods produced that has enabled improved access to diversified diets.

<b>Quality of Beneficiary Participation</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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**Justification of rating**

The quality of beneficiary participation continues to improve. All the 400 villages are now covered with project activities and project results are visible in the field. The community contribution now stands at 19% (US 554,387) and has increased with every successive year with 118,565 (2018) and 435,822 (2019). Most significant community participation and contribution is in infrastructure projects where the beneficiaries provide locally sourced materials and their labour e.g. roads, facilities such as the FNCs etc. Others are contribution of households farm produce for food demonstration at the FNCs which has facilitated learning and significantly improved child and maternal feeding practices.

Beneficiaries participated in planning activities including preparation of the Village Infrastructure Plans (VIP). Beneficiaries took leading roles in implementation of the home gardens and the garden grants funded activities.

<b>Responsiveness of Service Providers</b>	<b>Rating: 3</b>	<b>Previous rating: 3</b>
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**Justification of rating**

Services rendered to the communities by government agencies (DTEAP, NAFRI), consultants, contractors, and by the private sector are – to a fair degree – aligned to the plans expressed in the AWPB. The GSTs and DAFOs, with technical support from WFP under component 2, are progressing better with FNSs, district, and village planning. Other expected institutional supports such as forage, PROMIS, PAR, and TSC are yet to be effectively implemented.

**Main issues**

The AFN has engaged a range of service providers to the project implementation, both in direct support of project beneficiaries as well as capacity building for the project and implementing agencies. Coordination of these entities across the various committees/sectors/scales to ensure responsiveness is a considerable challenge. Regarding direct support of beneficiaries, DAFO, District Department of Planning and Finance, DHO, Lao Women's Union and project staff extended efforts to villagers in agricultural production technique, village planning, and agricultural input procurement. The efforts have been responsive to the needs of villagers however quality of delivery service requires significant improvement.

Regarding capacity building, FAO, DTEAP, and NAFRI have been engaged to train project staff and implementing agencies (PAFO, DAFO, LWU) on contract farming, agricultural techniques, group administration, and other soft skills. Again, the quality and application of results are questionable.

DTEAP and TSC have demonstrated agricultural production models at TSC level, but their potential for replication is constrained by many factors including distance to villages, poor quality of models, and an insufficient coordination of their replication by resources available to the local levels.

Few private sector enterprises are engaged in making the rural economy more market driven through the PPCP-facility, but they are insufficiently involved in developing and implementing the value chain action plans (the SIPs), hence the results of PPCP are still modest.

Significant delays incurred in implementation of PROMIS TA contract due to procurement and management of TA contract. This prevents project from effectively conducting M&E system.

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

The MTR observes various good practices that can potentially contribute to improving the local environment and natural resources. These include the pilot participatory land use planning, forage establishment for livestock and soil improvement, and cardamom plantation under canopy of forest. However, these are either at very small scale or non-systematically organised. Environmental sustainability of project funded roads is poor.

**Main issues**

The majority of project activities have good potential to improve environmental conditions, and to raise awareness of the officials and households about the importance of NRM. Village level land-use plans have potential to improve environmental and natural resource management practices. The replacement of traditional shifting-cultivation agriculture, with crops such as cardamom, galangal, job's tears offers improved protection from erosion, while producing good incomes. Demarcating and planning the different land-uses of the community should lead to their better management and protection. For example, protecting and rehabilitating hilltops, high slopes and recharge areas (with forage, cardamom under forest canopy), will protect soil quality and groundwater resources. These all potentials require both timing and systematic/practical approaches to gain results. While the forest land title activities was suggested to be cancelled due to time limited, planning and extension services are top priority areas for realisation of the above potentials. The MTR mission has made detailed recommendations to ensure rapid and effective implementation in the main text of the supervision report.

Design and construction of roads and other infrastructure must pay greater attention to correct implementation of existing guidelines for environmental sustainability, as discussed elsewhere in this report.

**Exit Strategy** **Rating: 4** **Previous rating: 4**

**Justification of rating**

An exit strategy has been developed by AFN and only shared in the last days of the MTR. The MTR quickly reviewed and observed that the exit strategy includes entries with respect to institutional arrangements, legal aspects, ownership and post-project funding. The exit strategy is subject to further review by the MTR and IFAD for no-objection.

**Main issues**

The exit strategy should ensure that successful project approaches contributing to nutrition sensitive and poverty reduction are continued to be developed, maintained, expanded and replicated beyond the withdrawal of external funding and the demobilisation of the Project teams. The present exit strategies, however, lack operational detail and – more importantly – are as yet not strongly taken in hand.

The sustainability of the project's approaches is uneven across components: (i) Development of PAR models is at risk of not continuing with the same vigour and focus beyond project completion; (ii) the PROMIS may be further delayed and there are insufficient guarantees on its uptake after the project completion; (iii) the district multi-sector convergent planning is on track, however is required to be institutionalised and begins to impact on the mobilisation of non-project resources; (iv) development of value chain finance remains in its infancy and show challenges for government to uptake after project completion; (v) replication and expansion of the home garden, APG, and PPCP approaches would benefit from a fuller hand-over of responsibilities from the project to the concerned entities, along with hands-on support and capacity building.

The project is suggested to revisit its exit strategy taking into account of MTR recommendations in view of shortening the time for project implementation, change of extension approach, modification of log-frame indicators, and reallocation of budget in between categories. Preparation of the exit strategy should comply with IFAD guidelines and should reflect engagement with beneficiaries. The updated exit strategy is subject to IFAD review and no-objection.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Sustainability of FNS</b> Address the sustainability of the FNS at the policy level especially the National Nutrition Committee and the Sector Working Group on Agriculture and Rural Development.	NPCO/WFP	06/2020
<b>Revise Exit Strategy and Submit for NOL</b> Review the draft Exit Strategy in the light of the Mission recommendations and with a focus on ensuring sustainability of the FNS and APG.	NPCO / WFP	06/2020

**Potential for Scaling-up** **Rating: 4** **Previous rating: 4**

**Justification of rating**

The Farmer Nutrition Schools (FNS) is in fact a useful "Mother Club" mechanism in the village to address the nutrition issue at the HH level. Government and other development partners start to show some interest on this initiative. The tool fills the gap identified in the implementation of National Nutrition Strategy to 2025 and Plan of Action 2016 – 2020. However, the effect of the FNS on nutrition can be achieved once the synergy with other interventions such as WB financed health project – HGNDP and agriculture extension programme are in place. The remaining challenge for AFN is on the sustainability of FNS which should be effectively addressed in the project exit strategy.

**c. Project Management**

**Quality of Project Management** **Rating: 4** **Previous rating: 4**

**Justification of rating**

The project management team is reactive in addressing the management issues raised from the province and district level. Coordination between provincial, district, and central agencies is maintained by WhatsApp Group and semi-annual/quarterly meeting. The project steering committee have met regularly. The capacity to envisage the technical problem or identify the shortfall project investment are still limited. AFN is in a situation of fund shortage that could lead to a serious shortfall in delivering its results. The situation could have been better if the MTR mission can be conducted prior the approval of the AWPB 2020 as agreed. The coordination with other intervention to bring synergy on food and nutrition programme has been a challenge at provincial, district and village level.

**Main issues**

Implementation of Component 1 has lagged seriously behind AWPB plans and project targets, with disbursement around 50% of AWPB in each year. Weak performance of this capacity building component has impacted negatively on the effectiveness of the nutrition and agriculture production activities. Project management should carefully review the AWPB for Component 1 to ensure that it is realistic, prioritising activities that directly support services to target villages. Activities of national agencies (DTEAP and NAFRI) can be reduced. Management should focus on ensuring timely and effective implementation of the revised AWPB and coordination with Components 2 and 3.

**Knowledge Management** **Rating: 4** **Previous rating: 3**

### Justification of rating

While targets in terms of project manuals prepared and distributed, scheduled coverage on project activities by provincial television and newspapers, brochures and leaflets produced and distributed, learning route, study tours and training sessions are largely met; the awareness of partners and beneficiaries on the project, its objective of strengthening adaptive capacity and its approaches is still low. The project seems to lack a knowledge management strategy. The recruitment of recent KM specialist might fill in these gaps.

### Main issues

Project partners, especially at district level, find it difficult to build coordinated action plans for the activities they are in charge of, since they lack understanding and information about project instruments and financial resources.

Participatory action research (PAR) was designed by project to identify, select, package, and disseminate good agricultural practices as inputs for development and implementation of grant instruments including home garden, and APG. This activity was delayed by NAFRI. 29 PARs developed and just packaged recently have limited outreach to communities. Limited quality of home garden and APG is part of this delay.

In order to enhance knowledge management, as well as to build the role of project partners in applying lessons to a more effective use of project resources, it is essential to develop a proper knowledge management strategy with specific roadmap promoting different form of practice knowledge management and learning including visual tools (video, posters), media (TV, radio, websites, facebook...), knowledge packages (best practices, success stories...), and cross-visit and exchange.

<b>Value for Money</b>	<b>Rating: 3</b>	<b>Previous rating: 3</b>
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### Justification of rating

Investments in nutrition education and in grants for infrastructure, home gardens and agriculture production appear likely to deliver adequate benefits in relation to costs. However investments in capacity development including capital investments on TSC have not yet resulted in large-scale improvements in service delivery. Full potential value of investments is not being achieved as a result of poor sequencing and coordination.

### Main issues

The Mission does not have the resources for a detailed cost-benefit analysis of project investments. The major investments under AFN are in nutrition planning, education and support under Component 2 and in village infrastructure, home gardens, agriculture production and value-chain investments under Component 3. Progress in implementing these investments has been satisfactory and quality is generally adequate. Weaknesses include (1) low engineering quality and environmental standards of roads, leading to potentially low sustainability; (2) irrigation systems are likely to provide adequate returns on investment, but the number of beneficiaries is low and costs per beneficiary are high. The project is encouraged to carry out a value for money study in the course of the 2020.

Investments under Component 1 have not delivered adequate value for money so far, mainly due to poor sequencing and coordination. Investments in buildings and equipment for TSC have not yet resulted in improved services to farmers. Investment in identifying and developing sustainable PAR models for agriculture production have not yet been rolled out at scale.

Despite rapid disbursement of project funds during 2019, the project is not yet on course to achieve its key outcomes and project objective.

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

AWPB disbursement in 2019 was 87% following 102% in 2018. Disbursement in 2019 reflected rapid progress in Component 3 outputs, primarily infrastructure and grants to farmers. However, the project overspent on project management costs (122% in 2019). Component 1 (capacity building) has consistently lagged behind other components (54% disbursement in 2019 and 57% of cumulative AWPB). Physical progress is broadly consistent with disbursement.

### AWPB Inputs and Outputs Review and Implementation Progress

As the MTR was conducted early in the year it is not possible to comment on AWPB 2020 implementation. Implementation of 2019 AWPB was satisfactory overall but inconsistent between components. Component 1 has under-performed in each year and has disbursed only 57% of cumulative AWPB allocations. Management costs overrun by 122% in 2019 following a 133% overrun in 2018. Low disbursement of Component 1 is linked to low achievement particularly of Activity 1 (multi layered tiered Project planning, supervision, monitoring, knowledge management and learning system within MAF) and capacity development lagging behind, rather than preceding, implementation of investments.

Overall, the project disbursed 55% of available funds up to end 2019 (though 65% of the GAFSP grant to IFAD with a further 16% committed to contracts and other obligatory expenditures in 2020). Weighted physical achievement is reported by the project as 57%, consistent with disbursement progress.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Strengthen Component 1 Performance</b> Review AWPB 2020 allocation for Component 1 to ensure it is achievable and fully aligned with project logframe targets. Management to then focus on ensuring full implementation in coordination with Components 2 and 3.	NPCO	03/2020
<b>Value for Money</b> A value for money should be commissioned	NPCO	10/2020

<b>Performance of M&amp;E System</b>	<b>Rating: 4</b>	<b>Previous rating: 3</b>
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### Justification of rating

The M&E system has some shortcomings, reporting limited to outputs level. The management team make some use of the information for reporting, planning and decision making. Data is collected on district level then aggregated at central level. No impact or result monitoring has taken place except the baseline and midline surveys. The contribution of the M&E system to improve project performance has not yet been significant. There is no MIS in place. No recording system is available to help farmer to make a decision on investing more or adopting the technology. Project support the development of MIS for MAF "ProMIS" through FAO. The system is to consolidate the result of all projects managed by MAF. "ProMIS" is plan to be operational in May 2020 but

has no effect on AFN M&E system.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Revised Project logframe</b> Translate the revised logframe agreed with the Mission into local language. Disseminate to project staff. Ensure project staff understand how to use the logframe to set planning targets in AWPB	NPCO	03/2020
<b>HH Diary</b> Introduce recording book at the HH level to for farmers to record cash spending, labour inputs, outputs and sales and track the profitability after adoption of specific technology	NPCO/DAFO/WFP	06/2020
<b>Update project logframe</b> Collect all information needed to report against all indicators in the revised project logframe	NPCO, WFP	
<b>Track Youth Participation</b> In future monitoring activities the project should track and record participation of youth in project activities (GoL definition of youth to be applied).	NCPO,WFP	

**Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)**

**Rating: 4**

**Justification of rating**

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 remains 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.

**SECAP Review**

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.

**d. Financial Management & Execution**

**Acceptable Disbursement Rate**

**Rating: 5**

**Previous rating: 2**

**Justification of rating**

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 "satisfactory".

**Main issues**

The mission was very pleased to see that the project has shifted positively its performance of disbursement since the last supervision mission, passing from an unsatisfactory rating to a satisfactory rating.

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 20 February 2020. The project is on the third year of implementation and the disbursement rate stands at 74.36% for the Grant N° 2000001548. So far USD 17.8 million out of USD 24 million was disbursed to the project.

The actual expenditure of the project stands at 64% (USD 15.3 million), with commitments of USD 5 million, carried over from 2019, and the foreseen for 2020.

The project was the first one in Lao PDR to go live in the IFAD Client Portal. The submission of Withdrawal Applications (WAs) has been done through ICP since December 2019. Despite this achievement, the mission observed that the process of approval at the Ministry of Finance has been excessively slow. The approval of the WA 27 took one month. This affected the operations of the project at the end of 2019. The mission recommends making full use of the four users with the approver role at the Ministry of Finance to expedite the approval process.

The project showed a positive trend in implementation. Depending on its performance of 2020, the project could end in early completion. The mission worked on the preparation of the AWPB 2020 and indicatives AWPBs 2021 and 2022. The latter will only include winding expenditures. This revision was made to maximize the direct impacts of the project to ensure the achievement of the planned outcomes.

**Fiduciary aspects**

**Quality of Financial Management**

**Rating: 5**

**Previous rating: 4**

**Justification of rating**

The performance of the project for Financial Management (FM) has improved gradually. At the NPCO level, the project has moved from a manual accounting environment to a one more automated. Also, in the last two years, the project has progressed in complying with the IPSAS Cash basis of accounting for the preparation of their Financial Statements (FS).

**Main issues**

The accounting of the project is carried out in an off the shelf accounting software (PAS - Project Accounting Software). This software was previously procured by the IFAD funded project SSSJ, for which the accounting remained manual until its closure due to the limitations of the software. In AFN, its use



was possible thanks to early intervention and guidance to the vendor for the customization of some features. Yet, the software still has a low potential for scalability due to its technological limitations.

The inconsistencies in the categorization of expenditures reported in the last supervision mission were reduced notably. The mission one more time clarified and provided support for the correct categorization of the expenditures. From now on, it is expected that the project uses a clearer description to reflect the nature of the expenditure.

In line with this, the mission also observed excessive payments made for activities such as planning meetings or ceremonies (handovers, openings, etc.). These expenses are normally for DSA and other operational expenses such as fuel. Furthermore, the mission observed that some of these expenditures have an incorrect description, misleading the nature of the expenditure and its categorization, which in most cases has been applied to Category 4 instead of Category 5. In view of a reduced budget for the remaining period of implementation, the mission recommends shortening these types of expenditures to the minimum. This could be done by reviewing the AWPBs and by enhancing the controls at the DAFO and PAFO levels. Otherwise, such type of expenditures could be declared ineligible due to the requirements of efficiency and economy that the project should be applying.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
The project to follow the templates provided during the training of August 2018 to comply with IPSAS Cash Basis of accounting	NPCO	

**Quality and Timeliness of Audit** **Rating: 5** **Previous rating: 4**

#### Justification of rating

The annual audited Financial Statements provided by the project substantially comply with agreed terms of reference and IFAD Handbook for Financial Reporting and Auditing.

#### Main issues

The quality and timeliness of the external audit of the project ranged from "Moderately Satisfactory" in 2016, 2017 and Satisfactory in 2018.

The mission followed up with the project the audit observations raised in the audit report of 2018 and the ones from previous periods. The observations were related to long outstanding advances, registration of employees in the Social Security Organization (SSO), inconsistencies in the calculation of the Personal Income Tax in some Districts, and other minor internal controls in the bookkeeping of the project.

About the procurement of 42 motorbikes and 21 cars observed in the audit report 2018, the auditor observed that the total price (CIF and Taxes) was higher in comparison to the reference market value. The project explained that the difference is mainly because of a different "basic price" used in the calculations for import duties and VAT. The dealers can use a "reference price" instead of the price of the "invoice" of importation. Instead, for ODA funded projects, that are under duty and taxes exemption regime, this calculation is made over the price reflected in the "invoice" of importation. The mission noticed that even with this base of calculation, the total cost (CIF) is still lower than the price in the domestic market.

The mission reminded the project that the audits are subject to public disclosure. Hence, the project is encouraged to follow the guidance provided during the revision of the audit report of 2018 to ensure that there is not an exemption paragraph in this regard.

The audit for the two initial periods was performed by Ernst & Young Lao Co. Ltd (EY). The same company is expected to perform the audits of 2019 and 2020. For its final audit, the project will need to conduct again a competitive selection process without the participation of EY.

**Counterparts Funds** **Rating: 5** **Previous rating: 4**

#### Justification of rating

Overall funding likely to face only minor problems. Provision for at least 80% of the required funds during the current fiscal year has been made, and funds are being released on time.

#### Main issues

According to the Financing Agreement, the counterpart financing of the project is approximately USD 5.4 million. The Government contribution covers taxes, duties, support for rural infrastructure, land use registration and salaries for technical and Project Coordinators.

The counterpart financing as of 31 December 2019 stands as follows:

Financier	Budget	Actual				Total	%
		2016	2017	2018	2019		
IFAD grant	24,000,000	294,596	1,234,534	5,469,012	8,347,856	15,345,998	63.94%
WFP	6,000,000	44,409	570,906	1,230,442	1,063,243	2,909,000	48.48%
Government	5,420,000	109,054	539,776	1,384,045	471,908	2,504,783	46.21%
Beneficiaries	2,900,000			118,565	435,822	554,387	19.12%
Local Private Enterprises	500,000						
<b>Total</b>	<b>38,820,000</b>	<b>448,059</b>	<b>2,345,216</b>	<b>8,202,063</b>	<b>10,318,829</b>	<b>21,314,168</b>	<b>54.91%</b>

The previous supervision mission observed that the project considered the salaries of Steering Committee members as part of GoL contribution. This issue was solved.

In respect of the counterpart financing under Category 3 for Village Infrastructure Projects (VIPs). The share set at the design of the project was of 70% IFAD, 15% GoL and 15% Beneficiaries.

The previous mission observed that the project was recording 15% of the GoL's share corresponding to taxes, surveys and design, project management, supervisions, etc. without any backup information or tracking system, implying that the IFAD contribution was exceeding 70%. The project formally issued an instructive to help districts to prepare GoL contribution supporting documents.

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

The contribution from Local Enterprises for the PPCPs has not yet started. However, the pipeline reflects an amount of approx. 508,494 USD. This figure is

still an estimate and may vary depending on the negotiation of the proposals.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<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	

**Compliance with Loan Covenants** **Rating: 5** **Previous rating: 4**

#### Justification of rating

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

#### Main issues

As reflected in the Appendix 3, the mission recommends the project to pay special attention to the following covenants that have been partially complied so far:

Consistent tracking of counterpart financing in kind and in the form of tax exemption. The total counterpart provided by for the project was determined to be USD 5.4 million. The Government contribution covers taxes, duties and some rural infrastructure, land use registration, salaries for technical and Project coordinators and some operating costs. 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.

Interim Financial Reports have to be submitted to IFAD every six months within 45 days after the period end.

The log of audit observations should be maintained and updated regularly.

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.

### Procurement

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

#### Justification of rating

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

At NPCO, there are one procurement consultant (working part-time), one procurement officer and one procurement assistant who have experience in donor-funded procurement for IFAD, ADB, WB, AFD/ EU projects. At district levels, some procurement officers are government officers who have limited procurement knowledge and experience. One NPCO assistant officer resigned in February 2019 and a new procurement assistant was recruited in May 2019.

The procurement plan for 2019 was approved in December 2018 and revised twice with IFAD's no objection to reflect changes during implementation. A draft procurement plan for 2020 using IFAD's template was submitted late to IFAD for prior reviews on 05 Feb 2020. Late preparation and finalization of the procurement plan will have negative impact on implementation progress for planned activities. There are still a number of shortcomings in the draft procurement plan for 2020 such as inconsistencies with the AWPB and prior/post review requirements, missing information on time schedules, etc. that require modifications and/or corrections.

Procurement activities were carried out in general in compliance with IFAD project procurement guidelines and national procurement regulations. However, there are significant delays in implementation of the 2019 AWPB/PP for a number of activities. By the end of 2019, four out of 12 district agriculture extension advisers and five out of 10 district M&E officers are not yet recruited by DAFOs; upgrading 10 out of 12 TSC facilities and construction of a TSC office building in Xam Tai district are not yet completed.

Village implementation teams (VIT) have very limited experience and lack of facilities (computer, printer, etc.) for undertaking procurement and contract management of VDF infrastructure works. Request for quotations, quotation evaluation reports and contract documents were prepared with intensive supports from DADO staff. VIT members were participated in procurement evaluation committee. Random post reviews of procurement and contract documents at DAFOs and villages for VDF infrastructure subprojects show that procurement activities were carried out in compliance with IFAD project procurement guidelines and AFN manual for VDF infrastructure implementation.

Several goods contracts (vehicles, motorcycles, IT equipment, agricultural machines, etc.) were purchased by NPCO with tax and import duty exemptions. Current procedures for reviews and clearance of contract documents at concerned ministries are time-consuming and cause delays in implementation of goods contracts. For instance, the contract for purchasing agricultural machines for TSCs with 60 days for contract implementation was signed on 09 September 2019. However, by the end of February 2019, purchased goods are still not delivered due to lengthy procedures for clearance of import duty exemptions. Contract registers are prepared by NPCO procurement staff. However, the contract registers were not updated regularly with recently signed contracts.

According to IFAD policies on anticorruption, sexual harassment, sexual exploitation and abuse, all bidders and contractors/service providers/suppliers are required to sign self-certification forms as a part of bids and contract documents. This requirement was introduced at IFAD procurement training workshop in Beijing in December 2019 and must be compliant by AFN for procurement activities and contracts from January 2020.

Procurement and contract documents are filed in separate files for each contract and accessible for the mission. However, space for storing procurement documents at NPCO is rather cramped for adding new files.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Update Procurement Plan</b> Update and submit the procurement plan for 2020 (using IFAD's template) in consistence with revisions of the AWPB after the MTR for IFAD review and no objection.	NPCO	03/2020
<b>Self-Certification with IFAD Policy Compliance</b> Sign self-certification forms as a part of bids and contract documents in compliance with IFAD policies on anticorruption, sexual harassment, sexual exploitation and abuse.	Bidders; Consultants/ Suppliers/ Contractors	

#### e. Key SIS Indicators

<b>Likelihood of Achieving the Development Objective</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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##### Justification of rating

The project has made rapid implementation progress since the previous supervision mission. The project is on course to achieve over 70% of physical outputs. However, weak sequencing and coordination between components and overspending of the project management activities limits the available budget to achieve the twin objectives of poverty reduction and food and nutrition security as expected

<b>Assessment of the Overall Implementation Performance</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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##### Justification of rating

The implementation progress during 2019 was impressive especially if compared to previous years. The project accomplished a large number of outputs. However, the sequencing of activities and coordination between components has been inadequate. Investments in TSC and in preparation of the PAR packages has not yet resulted in significant transfer of knowledge to farmers, while the key farmer-to-farmer extension strategy remains in draft. District and Village planning activities have not resulted in integrated, nutrition-sensitive plans nor in convergence with non-agriculture elements of the NNSPA. Farmer group management capacity is weak. The APG grants have largely been disbursed before dissemination of the PAR technologies so farmers rely on familiar techniques. The 12 Strategic Investment Plans (SIP) prepared do not match the needs or interests of the PPCP entrepreneurs.

#### F. Relevance

<b>Relevance</b>	<b>Rating: 3</b>	<b>Previous rating: 5</b>
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##### Justification of rating

AFN development objectives –to a fair degree- are relevant in the current local and national context and in line with IFAD's and country development strategies. However, various designed interventions such as PAR, SIP, forestland titling, TSC capacity building, and PPP are overestimated implementation capacity at design and require simplification during the MTR to become fully applicable at field level. The support to coordination of the NNSPA at District and Village level is highly relevant to needs but has also encountered difficulties due to lack of capacity for implementation.

##### Main issues

The project approach was adjusted in the MTR to appropriately address the development problems in target villages and at regional, national levels. Some required practical solutions were agreed upon to the implementation of revised implementation strategy, especially regarding improved extension strategy involving TSC to be closer to the field, shifting demonstration sites from TSC to the field, cancel of forest land titling, cease SIP implementation, packing and documenting the PAR to the field, and reducing target of PPCP. Accordingly, the project log-frame was revised to be more realistic. Details justifications for modification of project approach were discuss in the development effectiveness section. It is expected that the project will be at the position to scale up piloted investment instruments and demonstrate significant results in the next half of project implementation.

#### G. Project Modifications

<b>Responsibility</b>	<b>Modification type</b>	<b>Description</b>
Logical framework	Logical Framework	The MTR Mission and project team reviewed the AFN logframe an agreed to propose adjustments. There are no changes to outreach target, project goal or project objective, or to indicators and targets at these levels, but some clarifications to methods of verification. There are no changes to Outcomes and Outputs, however changes to indicators and targets in order to (1) clarify and improve measurement of indicators; (2) reflect MTR agreements to drop some activities and re-focus on others during the final two years of the project; and (3) set realistic targets for final project achievement for each Output. A detailed summary of changes is provided in Appendix 4.

Responsibility	Modification type	Description																																																																						
Reallocation among categories	Reallocation	<p>The mission discussed and agreed with the project the reallocation of the unallocated category to mainly support activities under Component 1. The table attached reflect the decrease and increase in the affected categories according to a projection of expenditures until the closing date in 2021.</p> <table border="1" data-bbox="435 405 1453 1361"> <thead> <tr> <th colspan="7" data-bbox="435 405 1453 465">Proposed Reallocation of Categories (USD)</th> </tr> <tr> <th data-bbox="435 465 587 577">Category</th> <th data-bbox="587 465 735 577">Original allocation</th> <th data-bbox="735 465 884 577">Disbursement</th> <th data-bbox="884 465 1032 577">Total Planned Expenditure</th> <th data-bbox="1032 465 1181 577">Balance</th> <th data-bbox="1181 465 1329 577">Increase/ Decrease</th> <th data-bbox="1329 465 1453 577">Proposed reallocation</th> </tr> </thead> <tbody> <tr> <td data-bbox="435 577 587 645">Works</td> <td data-bbox="587 577 735 645">290,000.00</td> <td data-bbox="735 577 884 645">76,242.17</td> <td data-bbox="884 577 1032 645">152,552.43</td> <td data-bbox="1032 577 1181 645">137,447.57</td> <td data-bbox="1181 577 1329 645">-140,000.00</td> <td data-bbox="1329 577 1453 645">150,000.00</td> </tr> <tr> <td data-bbox="435 645 587 770">Consultancies, capacity building and training</td> <td data-bbox="587 645 735 770">3,830,000.00</td> <td data-bbox="735 645 884 770">4,329,691.58</td> <td data-bbox="884 645 1032 770">5,869,642.72</td> <td data-bbox="1032 645 1181 770">- 2,039,642.72</td> <td data-bbox="1181 645 1329 770">2,040,000.00</td> <td data-bbox="1329 645 1453 770">5,870,000.00</td> </tr> <tr> <td data-bbox="435 770 587 860">Grants and subsidies</td> <td data-bbox="587 770 735 860">12,500,000.00</td> <td data-bbox="735 770 884 860">7,863,427.18</td> <td data-bbox="884 770 1032 860">12,884,141.00</td> <td data-bbox="1032 770 1181 860">-384,141.00</td> <td data-bbox="1181 770 1329 860">380,000.00</td> <td data-bbox="1329 770 1453 860">12,880,000.00</td> </tr> <tr> <td data-bbox="435 860 587 972">Goods, services and inputs</td> <td data-bbox="587 860 735 972">2,200,000.00</td> <td data-bbox="735 860 884 972">1,582,272.60</td> <td data-bbox="884 860 1032 972">1,818,454.23</td> <td data-bbox="1032 860 1181 972">381,545.77</td> <td data-bbox="1181 860 1329 972">-380,000.00</td> <td data-bbox="1329 860 1453 972">1,820,000.00</td> </tr> <tr> <td data-bbox="435 972 587 1061">Operating costs</td> <td data-bbox="587 972 735 1061">2,800,000.00</td> <td data-bbox="735 972 884 1061">1,494,364.34</td> <td data-bbox="884 972 1032 1061">3,275,209.52</td> <td data-bbox="1032 972 1181 1061">-475,209.52</td> <td data-bbox="1181 972 1329 1061">480,000.00</td> <td data-bbox="1329 972 1453 1061">3,280,000.00</td> </tr> <tr> <td data-bbox="435 1061 587 1151">Unallocated</td> <td data-bbox="587 1061 735 1151">2,380,000.00</td> <td data-bbox="735 1061 884 1151">0.00</td> <td data-bbox="884 1061 1032 1151"></td> <td data-bbox="1032 1061 1181 1151">2,380,000.00</td> <td data-bbox="1181 1061 1329 1151">- 2,380,000.00</td> <td data-bbox="1329 1061 1453 1151"></td> </tr> <tr> <td data-bbox="435 1151 587 1240">Authorizaed allocation</td> <td data-bbox="587 1151 735 1240"></td> <td data-bbox="735 1151 884 1240">2,500,000.00</td> <td data-bbox="884 1151 1032 1240"></td> <td data-bbox="1032 1151 1181 1240"></td> <td data-bbox="1181 1151 1329 1240"></td> <td data-bbox="1329 1151 1453 1240"></td> </tr> <tr> <td data-bbox="435 1240 587 1294"><b>Total</b></td> <td data-bbox="587 1240 735 1294"><b>24,000,000</b></td> <td data-bbox="735 1240 884 1294"><b>17,845,998</b></td> <td data-bbox="884 1240 1032 1294"><b>24,000,000</b></td> <td data-bbox="1032 1240 1181 1294"></td> <td data-bbox="1181 1240 1329 1294"></td> <td data-bbox="1329 1240 1453 1294"><b>24,000,000</b></td> </tr> </tbody> </table>	Proposed Reallocation of Categories (USD)							Category	Original allocation	Disbursement	Total Planned Expenditure	Balance	Increase/ Decrease	Proposed reallocation	Works	290,000.00	76,242.17	152,552.43	137,447.57	-140,000.00	150,000.00	Consultancies, capacity building and training	3,830,000.00	4,329,691.58	5,869,642.72	- 2,039,642.72	2,040,000.00	5,870,000.00	Grants and subsidies	12,500,000.00	7,863,427.18	12,884,141.00	-384,141.00	380,000.00	12,880,000.00	Goods, services and inputs	2,200,000.00	1,582,272.60	1,818,454.23	381,545.77	-380,000.00	1,820,000.00	Operating costs	2,800,000.00	1,494,364.34	3,275,209.52	-475,209.52	480,000.00	3,280,000.00	Unallocated	2,380,000.00	0.00		2,380,000.00	- 2,380,000.00		Authorizaed allocation		2,500,000.00					<b>Total</b>	<b>24,000,000</b>	<b>17,845,998</b>	<b>24,000,000</b>			<b>24,000,000</b>
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## H. Lessons Learned

### Village infrastructure constructed through force account by community

VDF infrastructure schemes are identified and prioritized through participatory village development planning process (VDP). Villagers contribute labour and locally collected construction materials. Small water supply and irrigation schemes are constructed by community through force account. Access roads which require construction equipment (excavators, bulldozer, etc.) are often constructed by construction firms. Village implementation teams (VIT) are established for implementation of VDF infrastructure schemes. Village bank accounts are opened for receiving VDF infrastructure grants. Contracts are signed between VIT and material suppliers/contractors.

Lessons learned from VDF infrastructure implementation include:

- Force account method with technical supports by provincial/district technical staff can be applied successfully for construction of small-scale village infrastructure works such as gravity-led water supply systems, concrete irrigation weirs and canals. Ownership and sustainability of village infrastructure works are enhanced by application of force account method.
- Establishing O&M committees during subproject preparation stage, trainings on O&M for user groups, discussions and agreement on O&M fees and regulations among members of users groups are some measures for ensuring effective O&M and sustainability of village infrastructure investments.

### Value chain approach and the PPCP

As per the project design, the value chain approach (Strategic Investment Plan – SIP), defines priority commodities at district level. Both public and private investments are combined to develop the value chain, from production (DAFO) to processing through partnerships with agribusinesses and marketing and branding (district agencies in charge of processing and trade). In this case, the resources are mobilised in a coherent manner, to leverage value added for all stakeholders, from producers' groups and cooperatives, to input and equipment suppliers to agribusinesses. The project supports this approach by various instruments including APG fund, PPCP fund, and small-scale infrastructures with village development fund. In practice, the approach was not entirely implemented as design due to various reasons including: (i) project districts are poorest ones with limited market availability; (ii) limited capacity of project and partners; and (iii) limited coordination between related partners in implementation of the approach.

Lesson learnt drawn from this process includes:

- The designed value chain approach is more oriented towards the areas that have market dynamics with active and high capacity partners to implement the approach. In the context of project, the aforementioned conditions were not met, hence the approach was not possible to implement. While the design team should have studied the conditions more seriously before designing the approach, the project should lower the expectation to consider the value chain approach with PPCP instrument as a learning process. The approach should be simplified, to the least extent, through identifying available agribusinesses in the region, encouraging them to participate in the PPCP, and enabling the farming contract mechanism.

### Sequence and logics of PAR process

According to project design, a Participatory Action Research (PAR) process, in collaboration with technical agencies (DTEAP, NAFRI) would result in identifying a number of farming models. The models are tested and then demonstrated in agricultural production groups (APG) with co-financing in the form of a matching fund. The extension network at district, TCS, and village levels further promote dissemination and replication of the models. This sequence and logics however are still not effectively implemented by the project as reflected in the discussion of component 1 and 3.

Valuable lessons have been drawn from the approach above including:

- The PAR allows developing innovative and practical farming models in a systematic way if appropriate partners are involved. The process of the project PAR has demonstrated that private sector including enterprises and outstanding farmers should be closely involved as these actors are owner of various good farming practices which has greater potential for replication.
- Selecting a partner to maintain successful farming models is key to sustainability and replication efforts. Partners serve the important role of supporting and advising beneficiaries, but also on monitoring and reporting impacts. Partners can utilise reported results and impacts to further guide beneficiaries on opportunities for improvement and replication efforts. Partners also serve the role of streamlining models and approaches into government programmes, securing therefore, a source of continuous support. To this extent, private sector was again overlooked during the process of PAR implementation and APG implementation. It is noted that enterprises and lead farmers are also most relevant extension persons that can train farmer to adopt the models because, as argued above, they owned many good farming practices.
- A demonstration site for PAR requires to be close and easy for farmer to learn and adopt. Current demonstrations at TSC, as observed by the MTR, have limited impact to farmer due to both quality and distance. Future demonstrations should be located within village and/or close enough for farmer to come and learn.

### Clarify and Monitor Sequencing of Capacity Development, Farmer Training and Investments Applicability

Through Component 1, AFN has financed participatory research into best practice production models and documented identified suitable models for dissemination (29 PAR models) and invested in improved capacity for extension services and planting material supplies (through TSC) as well as identifying and training Lead Farmers and conducting Farmer Field Schools. Through Component 2 the project has supported planning of priority productive infrastructure and through Component 3 the project has supported formation of farmer groups and investments in infrastructure and farm production. Ideally, the Component 1 activities would have largely preceded planning, group formation and investments, allowing selection of investments (both infrastructure and on-farm) to be informed by the results of the PAR research, and allowing farmers to benefit from training in the PAR models and gain better results from their investments. It is recognised that ideal sequencing like this is very hard to achieve in practice. However, at MTR it is observed that implementation of Component 1 – which should be the “leading edge” has consistently lagged behind the other components. So far, most Component 1 investments do not seem to have resulted in any direct and practical benefits to the project target group farmers.

In future projects combining these “upstream” and “downstream” elements, the project logic and sequencing implied in the project design should be better explained and understood by the project team, be better integrated into project planning, and should be a specific focus of monitoring and evaluation (i.e. M&E should measure indicators for effective linkages between components, not only outcomes and physical outputs of each component separately). This may be best achieved by defining the “upstream” Outcome specifically in terms of capacity development leading to better quality of investments. In the AFN case, Outcome 1 “Strengthened public services” could have been defined as “strengthened public services leading to improved investment decisions by farmers in target villages” with indicators selected to demonstrate this direct impact.

## I. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Overview and Project Progress</b>		

<p><b>Component 1 - Share ProMIS Indicator Set</b></p> <p>The PROMIS indicator set should be shared with IFAD and other development partners of MAF for comment and early alignment with future project design. PROMIS to track outputs at village level.</p>	MAF	03/2020
<p><b>Component 1 -Prioritise Roll-Out of Selected PAR Models</b></p> <p>Select 10 PAR models of highest value to APG farmers. Develop visual learning materials, print and distribute for use</p>	NPCO/NAFRI	03/2020
<p><b>Component 1 -Finalise F2F Strategy</b></p> <p>Finalise, approve and disseminate farmer-to-farmer extension strategy as a matter of urgency. The strategy should cover both technical training (production and post-harvest) and capacity development for group administration, business skills and market connections, and group monitoring and evaluation.</p>	NPCO/DTEAP	03/2020
<p><b>Component 3 - Cancel Agriculture Cooperatives activity</b></p> <p>It is agreed that this activity is dropped from the project.</p>	NPCO	03/2020
<p><b>Component 1 -Sustainable Supply of Forage Planting Materials</b></p> <p>Review sustainability of forage planting material supply chain and propose actions to ensure supply post-project</p>	NPCODTAEP	06/2020
<p><b>Component 2 - Develop capacity of District Nutrition Committee</b></p> <p>Provide training to DNC members on functional competencies such as leadership, advocacy, partnerships, planning, coordination, basic nutrition knowledge and awareness etc</p>	NPCO/WFP	06/2020
<p><b>Component 2 - Improved Nutrition Sensitive Village Development Plans</b></p> <p>Prepare annual village development plans for funded activities and develop capacity of the chief and other local committees to monitor and ensure coordination at implementation</p>	NPCO/WFP	06/2020
<p><b>Component 2 - Update IEC Materials</b></p> <p>Update the Information, Education and Communication (IEC) materials to ensure (i) relevance to the wider audience (ii) building on the rich local knowledge and cultural practices that promote nutrition (iii) expand the scope based on learners needs e.g. on post-harvest handling and food processing</p>	NPCO/WFP	06/2020
<p><b>Component 2 - Annual Progress Monitoring Meeting</b></p> <p>DNC to conduct joint meeting with PNC one time per year for progress monitoring, knowledge sharing and learning. Farmers should also be invited to share their experiences</p>	NPCO/WFP	12/2020
<p><b>Component 3 - PPCP Acceleration</b></p> <p>Final number of PPCP will be 7. Accelerate PPCP implementation and disbursement by:  (i) Deliver intensive hands-on technical support to enterprises/farms for full-fledged proposal development, and financial and procurement management of the co-investments;  (ii) Translate the submitted PPCP proposals into English and submit to IFAD for review;  (iii) Transfer the payment to enterprises/farms if they have fulfilled all their commitments as per proposal and procurement plan;  No further PPCP to be initiated</p>	NPCO	12/2020
<p><b>Component 1 -TSC to Focus on Direct Services to Farmers</b></p> <p>No further demonstration activities or expansion of fodder seed production on TSC sites. No new TSC to be supported (final number 14). TSC to conduct high-quality on-farm demonstrations of priority PAR models as learning opportunities for DAFO as well as farmers.</p>	TSC	
<p><b>Component 1 -On-Farm Demonstrations</b></p> <p>Using PAR models conduct on-farm demonstrations with Lead Farmers and APG. By end of project all APG and FNS farmers to have opportunity to participate in (1) demonstration of garden crop activity; (2) demonstration of livestock activity; and (3) demonstration of cash crop activity.</p>	DAFO and TSC	
<p><b>Component 1 - Strengthen APG Capacity</b></p> <p>Train APG in group administration, business skills and market connections, and group monitoring and evaluation</p>	DAFO	

<p><b>Component 2 - Improve coordination of District Nutrition Committee (DNC)</b></p> <p>Provide coaching and facilitation support to build a collaborative working culture of the DNC while implementing their existing convergence plans, supported by the district leadership</p>	NPCO/WFP	
<p><b>Component 2 - Broaden Participation in FNS</b></p> <p>Participation in future FNS should include all women of reproductive age, adolescent girls and care givers such as grandmothers and fathers. Also ensure awareness raising reaches whole population of village.</p>	NPCO/WFP	
<p><b>Component 2 - Focus on Locally Available Foods</b></p> <p>Prioritise diversity of production and locally available foods that are adapted to the environment in home garden activities for greater sustainability and scalability</p>	NPCO/WFP	
<p><b>Component 2 - Support Additional Garden Grants</b></p> <p>Component 2 funds will be used to support additional Garden Grants to FNS participants to enable them to replicate demonstrations of nutrition-relevant production technologies, post-harvest, food processing etc</p>	NPCO/WFP	
<p><b>Component 3 - Broaden scope of home garden grant and link to planning</b></p> <p>The scope of activities under the home garden grants should be expanded e.g. to include post-harvest processing. Training should help grantees to choose activities linked to nutrition planning at District and village level.</p>	NPCO, DAFO, WFP	
<p><b>Component 3 - Poverty focus and targeting of APGs</b></p> <p>Strengthen poverty reduction effectiveness of APGs through: (i) assessing the quality of the existing APG investment models, (ii) modifying or ceasing investing in models that do not have sufficient poverty reduction impact and/or do not reach vulnerable groups, (iii) expanding successful models, and (iv) including new on farm models that show high potential.</p>	NPCO/PAFOs/DAFOs	
<p><b>Component 3 - Quantity and quality of APG</b></p> <p>Final number of APG will be 800. All APG will receive grants. Improve quality and performance of APG through: (i) Group size to be maximum 20 members, (ii) training on group management, and use of fund; and (iii) strengthening M&amp;E to ensure vertical and horizontal flow of information as well as results and impacts</p>	NPCO/ DAFOs	
<p><b>Component 3 - Ensure Cost-Effectiveness of Infrastructure</b></p> <p>Appraise VDF infrastructure proposals for investment approval to ensure effectiveness and efficiency of investment. Set maximum cost per hectare and cost per benefiting household for irrigation, cost per kilometer for access road, cost per people for water supply. Reject proposals exceeding maximum</p>	DAFO/PAFO/NPCO	
<p><b>Component 3 - Strengthen Quality of Infrastructure Construction</b></p> <p>Strengthen supervision VDF infrastructure construction to ensure construction quality in line with designs and technical specifications</p>	DAFO/PAFO/Project Engineers	
<p><b>Component 3 - Compliance with Environmental Standards</b></p> <p>Ensure compliance with environmental standards, particularly for road design and construction. If the budget for a road sub-project is not enough for technical and environmental sustainability, the sub-project should be cancelled</p>	DAFO/PAFO/Project Engineers	
<b>Development Effectiveness</b>		
<p><b>Targeting</b></p> <p>Upgrade the ToR of the Nutrition Specialist to a Social Inclusion Focal Point who will take care all core mainstreaming activities including targeting, gender and nutrition.</p>	NPCO	03/2020
<p><b>Gender Training for APG</b></p> <p>Incorporate a training on nutrition and gender empowerment into the training of APG members</p>	NPCO/WFP	
<b>Sustainability and Scaling up</b>		

<b>Sustainability of FNS</b> Address the sustainability of the FNS at the policy level especially the National Nutrition Committee and the Sector Working Group on Agriculture and Rural Development.	NPCO/WFP	06/2020
<b>Revise Exit Strategy and Submit for NOL</b> Review the draft Exit Strategy in the light of the Mission recommendations and with a focus on ensuring sustainability of the FNS and APG.	NPCO / WFP	06/2020
<b>Project Management</b>		
<b>Revised Project logframe</b> Translate the revised logframe agreed with the Mission into local language. Disseminate to project staff. Ensure project staff understand how to use the logframe to set planning targets in AWPB	NPCO	03/2020
<b>Strengthen Component 1 Performance</b> Review AWPB 2020 allocation for Component 1 to ensure it is achievable and fully aligned with project logframe targets. Management to then focus on ensuring full implementation in coordination with Components 2 and 3.	NPCO	03/2020
<b>HH Diary</b> Introduce recording book at the HH level to for farmers to record cash spending, labour inputs, outputs and sales and track the profitability after adoption of specific technology	NPCO/DAFO/WFP	06/2020
<b>Value for Money</b> A value for money should be commissioned	NPCO	10/2020
<b>Update project logframe</b> Collect all information needed to report against all indicators in the revised project logframe	NPCO, WFP	
<b>Track Youth Participation</b> In future monitoring activities the project should track and record participation of youth in project activities (GoL definition of youth to be applied).	NCPO,WFP	
<b>Financial Management &amp; Execution</b>		
<b>Update Procurement Plan</b> Update and submit the procurement plan for 2020 (using IFAD's template) in consistence with revisions of the AWPB after the MTR for IFAD review and no objection.	NPCO	03/2020
<b>The project to follow the templates provided during the training of August 2018 to comply with IPSAS Cash Basis of accounting</b>	NPCO	
<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>Self-Certification with IFAD Policy Compliance</b> Sign self-certification forms as a part of bids and contract documents in compliance with IFAD policies on anticorruption, sexual harassment, sexual exploitation and abuse.	Bidders; Consultants/ Suppliers/ Contractors	



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

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

#### **Mid-term Review**

#### **Logical Framework**

Mission Dates: 18/02/2020 - 04/03/2020

Document Date: 23/04/2020

Project No. 2000001131

Report No. 5386-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 (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach	1.a Corresponding number of households reached							Project Report	Annual	project management	
	Women-headed households				406	549					
	Non-women-headed households				7 742	27 158					
	Households			34 000	8 148	27 707	81.5				
	1 Persons receiving services promoted or supported by the project							Project Report	Annual	project management	
	Females				11 551	87 858					
	Males				47 872	52 971					
	Young										
	Indigenous people										
	Total number of persons receiving services				59 423	140 829					
	1.b Estimated corresponding total number of households members										
	Household members		227 800	227 800	59 423	140 829	61.8				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Project Goal</b> 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							
<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							
	Males										
	Females										
	Indigenous people										
	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							
	Males										
	Females										
	Indigenous people										
	1.2.8 Women reporting minimum dietary diversity (MDDW)							Baseline Survey	Project start, mid-term and end-project	project management	
	Women (%)										
	Women (number)		10 000	28 000							
	Households (%)										
Households (number)											

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Household members										
	Indigenous										
<b>Outcome</b> 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	7.1				
	At least 10,000 HHs have adopted at least one improved technology on production or food processing introduced by the project. Adoption of one improved technology is as set of key practices in the technical guideline of the demonstration of specific technology to be defined by technical specialist. Farmer adoption is defined by adopting at least 2/3 of the keys practices for specific production or food processing							Project M&E	Annual	project management	
	HH			10 000							
	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices							Project M&E	Annual	project management	
	Total number of household members			10 000							
	Males										
	Females										
	Young										
Indigenous people											
<b>Output</b> 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 (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Outcome</b> 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	183	442	147.3				
	28,000 women in project area of 15-49 years of age, consume at least 5 out of 10 defined food groups daily.							Baseline Survey	Project start, mid-term and end-project	project management	
	Females		10 000	28 000							
	Indigenous people										
<b>Output</b> 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							
	28,000 beneficiary households participate in VDP preparation							Project M&E	Annual	WFP	
	Households		20 000	28 000	7 898	27 457	98.1				
	Males				1 449	13 883					
	Females				6 449	13 574					
	Indigenous people										
<b>Output</b> Women-led improvement in household nutrition	Number of HH provided with targeted support to improve their nutrition (eg. from Farmer Nutrition School, Gardent Grant, and Nutrition Awareness Programme).							Project M&E	Annual	project management	
	Households			21 000							
	Females										
	Indigenous people										
	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				0	0					
	Males				0	0					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Households			21 000	0	0	0				
	Females				0	0					
	Indigenous people				0	0					
	Young				0	0					
	Women-headed households				0	0					
<b>Outcome</b> 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			8 000							
	Females			2 000							
	Indigenous people										
<b>Output</b> Profitable investment in nutrient-sensitive, climate-adapted agriculture	300 hectares of new irrigated land established							Project M&E	Annual	project management	
	Hectares of land			300		145	48.3				
	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated							Project M&E	Annual	project management	
	Hectares of land			300	0	145	48.3				
	2.1.5 Roads constructed, rehabilitated or upgraded							Project M&E	Annual	project management	
	Length of roads	0	200	400	314	373	93.3				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Output</b> 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							
	2000HH benefiting from the PPCP							Project M&E	Annual	project management	
	Households			2 000							





Investing in rural people

## Lao People's Democratic Republic

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

#### Mid-term Review

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

Mission Dates: 18/02/2020 - 04/03/2020

Document Date: 23/04/2020

Project No. 2000001131

Report No. 5386-LA

Asia and the Pacific Division  
Programme Management Department



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

Table 1A: Disbursement by financier

Financier	Budget	Actual				Total	%
		2016	2017	2018	2019		
<b>IFAD grant</b>	24,000,000	294,596	1,234,534	5,469,012	8,347,856	15,345,998	63.94%
<b>WFP</b>	6,000,000	44,409	570,906	1,230,442	1,063,243	2,909,000	48.48%
<b>Government</b>	5,420,000	109,054	539,776	1,384,045	471,908	2,504,783	46.21%
<b>Beneficiaries</b>	2,900,000			118,565	435,822	554,387	19.12%
<b>Local Private Enterprises</b>	500,000						
<b>Total</b>	<b>38,820,000</b>	<b>448,059</b>	<b>2,345,216</b>	<b>8,202,063</b>	<b>10,318,829</b>	<b>21,314,168</b>	<b>54.91%</b>

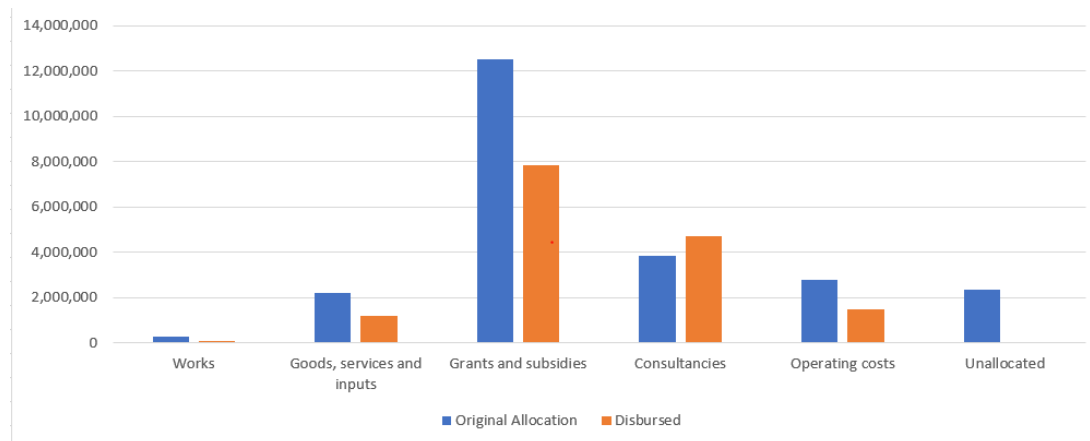
Table 1B: Financial performance by component and by financier (actual expenditure)

Component	IFAD			Government			WFP			Beneficiaries			Local Private Enterprises		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
Component 1 Strengthened Public Services	3,246,000	3,019,871	93.03%	258,000	10,055	3.90%									
Component 2 Nutrition Sensitive planning				444,000		0.00%	6,000,000	2,909,000	48.48%						
Component 3 Sustainable market driven partnerships	16,132,000	9,307,707	57.70%	2,323,000		0.00%				2,900,000	553,137	19.07%	500,000		
Component 4 Project Management	4,622,000	3,018,421	65.31%	2,395,000	2,499,884	104.38%									
<b>TOTALS</b>	<b>24,000,000</b>	<b>15,345,998</b>	<b>63.94%</b>	<b>5,420,000</b>	<b>2,509,938</b>	<b>46.31%</b>	<b>6,000,000</b>	<b>2,909,000</b>	<b>48.48%</b>	<b>2,900,000</b>	<b>553,137</b>	<b>19.07%</b>	<b>500,000</b>		

**Table 1C: Financial performance per disbursement category**

Category code		Category Description	Original Allocation	Disbursed	WA pending in MOF	Balance	% disbursed
200003	I	Works	290,000	76,242	22,398.00	191,360	26.29%
200013	II	Goods, services and inputs	2,200,000	1,207,293		992,707	54.88%
200012	III	Grants and subsidies	12,500,000	7,869,867	181,371.03	4,448,762	62.96%
200008	IV	Consultancies	3,830,000	4,698,231	53,914.83	-922,146	122.67%
200016	V	Operating costs	2,800,000	1,494,364	81,730.18	1,223,905	53.37%
290001		Unallocated	2,380,000				0.00%
<b>TOTAL</b>			<b>24,000,000</b>	<b>15,345,998</b>	<b>339,414.04</b>	<b>8,314,588</b>	<b>63.94%</b>

**Figure 1: IFAD grant disbursement, comparisons between original and revised allocations and actual disbursement**



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

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

#### **Mid-term Review**

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

Mission Dates: 18/02/2020 - 04/03/2020

Document Date: 23/04/2020

Project No. 2000001131

Report No. 5386-LA

Asia and the Pacific Division  
Programme Management Department



## Appendix 2: Physical progress measured against AWP&B at MTR

		Period: to 31-12-2019							
Component/Outcome Sub-component or Output	Indicator	Unit	MTR target	End 2019 Actual	%	Cumulative Actual	Appraisal Target	%	
<b>Component 1 : Strengthened public services</b>									
<i>Outcome 1</i> Strengthened public services	15 technical service centres operating sustainably using outcome-based farmer contracts	Nr.	5	5	100	5	15	33.3	
	10 sustainable climate-adapted and nutrition-sensitive agriculture and natural resource management technologies adopted by more than 10,000 farmers	Nr.	4	2	50	2	10	20	
<i>Output 1</i> Build government staff capacities and procedures and technical packages to support and converge community implementation of selected National	12 districts have guidelines, tools and core competencies for participatory nutrition-sensitive, climate-adapted market-led agriculture and rural development planning and implementation	Nr.	2	2	100	12	12	100	
	At least 70% rural household satisfaction with farmer-level technical information services	%	50	89.2	178.4	89.2	70	127.4	
<b>Component 2 : Community-Driven agriculture-based Nutrition interventions established</b>									
<i>Outcome 2</i> Community-driven agriculture-based nutrition interventions established	400 participatory village infrastructure plans promote nutrition-sensitive, climate-adapted agricultural infrastructure and reflect the priorities of women	Nr.	80	80	100	400	400	100	
	At least 21,000 households achieve a household dietary diversity score of at least 75% of the HDDS of the top income tercile of households sampled at baseline	Nr.	17,000	13,988	82.3	13,988	21,000	66.6	

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<i>Output 2</i> Planning for improved nutritional outcomes	34,000 beneficiary households participate in VDP preparation	Nr.	20,000	27,457	137.3	27,457	34,000	80.8
<i>Output 3</i> Women-led improvement in household nutrition	28,000 women in project area of 15-49 years of age, consume at least 5 out of 10 defined food groups daily	Nr.	10,000	22,320	223.2	22,320	28,000	79.7
<b>Component 3 : Sustainable and inclusive market-driven partnerships established</b>								
<i>Outcome 3</i> Sustainable and inclusive market-driven partnerships established	Market-driven partnerships increase income of at least 2,000 participating farmers by at least 40%	Nr.	600	0	0	0	2,000	0
	10,000 farmers with new land use rights recorded in a manner recognized by national or customary law,	Nr.	2,000	0	0	485	10,000	4.9
<i>Output 4</i> Profitable investment in nutrient-sensitive, climate adapted agriculture	2,000 hectares of new irrigated land established	ha	700	281	40.1	281	2,000	14.1
	400 km of roads constructed or rehabilitated	km	300	314	104.7	373	400	93.3
<i>Output 5</i> Linking farmers to markets	At least 20 private or public-private agro-processing and quality control facilities installed	Nr.	6	0	0	0	20	0
	25 registered agricultural cooperatives or community-based agro-enterprises established with sound charters and business plans	Nr.	5	0	0	0	25	0
<b>Component 4 : Project management</b>								

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

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

#### **Mid-term Review**

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

Mission Dates: 18/02/2020 - 04/03/2020

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Project No. 2000001131

Report No. 5386-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	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.	On loan effectiveness 28-04-2016	Complied
B-4	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.	28-04-2016	Complied. Project accounts have been opened in USD at NPCO and in LAK at DAFOs (12) at commercial banks.
B-5	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.	Throughout project period	Partially complied.
C-1 & 2	The Lead Project Agency shall be the Ministry of Agriculture and Forestry, through its Department of Planning and Cooperation (DPC). The Ministry of Health is designated as additional Project Party		Complied
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 and is being used 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 agri-business 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
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, 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.	Throughout project period	Ongoing compliance
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	Ongoing compliance
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 Bank acceptable to IFAD in order to receive Grant resources in advance as soon as possible after entry into force of the	28-04-2016	Complied

	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		
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
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. Project accounts have been opened in USD at NPCO and LAK at DAFOs at the commercial banks.
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	Partially complied.
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	Partially complied. Register of contracts are being maintained but not submitted to IFAD.
Para – 27	In accordance with Section 9.01 and 9.02 of the General Conditions, 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 provided in cash or in the form of tax exemption, must be duly valued and accounted for in the Project financial statements.	Ongoing	Being complied GoL staff salary and operating cost are being accounted based 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	Partially complied.
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	Complied
Para – 30	The log of audit observations should be maintained and updated regularly.	Throughout project period	Not complied. The mission prepared one log of audit and shared with the project.
	<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 <sup>st</sup> October each year	Delayed compliance for FY 2018 and 2019. For 2019 the AWPB was submitted on 23 <sup>rd</sup> November. The AWPB for 2020 was approved but a revision is needed.
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	Not complied. Office equipment's 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 need to insure themselves
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 are recorded in excel file by the PAFOs and DAFOs and submitted to NPCO to consolidate. NPCO consolidated using excel spreadsheet
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 deliver such financial statements to the Fund within four months of the end of each fiscal year.	April 30 each year	Complied with some delays.
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
Sec - 11.01	(a) The Financing and all Loan Service Payments shall be exempt from all Taxes, and all Loan Service Payments shall be made free and clear of Taxes. (b) The Agreement shall be exempt from any Taxes on signature, delivery or registration. (c) The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its Financing. Therefore, if the Fund at any time determines that the amount of any such Tax is excessive, discriminatory or otherwise unreasonable, the Fund may, by notice to the Recipient, reduce the percentages of Eligible Expenditures to be financed by the Financing which are specified in the Financing Agreement.	Throughout project period	Complied For the expenses made before the tax exemption is effective, the project needs to show that the tax was efficiently tracked and compensated to IFAD.

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

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

#### **Mid-term Review**

#### **Appendix 4: Technical background analysis**

Mission Dates: 18/02/2020 - 04/03/2020

Document Date: 23/04/2020

Project No. 2000001131

Report No. 5386-LA

Asia and the Pacific Division  
Programme Management Department





## **Convergence of Nutrition Interventions**

Due to the fact that the causes of malnutrition are multi-faceted, addressing malnutrition does require a multi-sectoral approach that brings together sectors such as health, agriculture, social protection, education etc. To address the problem of stunting, these interventions should converge in the nutritionally vulnerable individuals especially in the first 1000 days which starts from conception to a child's second birthday. The Laos government through its National Nutrition Strategy and Plan of Action has prioritised 22 interventions. The Agriculture Food and Nutrition Programme (AFN) implemented through the Ministry of Agriculture and Forestry, aimed to increase the diversity and seasonal improvement of household supply of nutritious food, particularly household vegetable and small livestock production through NNSPA intervention 15, expanding and intensifying the production of nutritionally-rich plant-based foods and intervention 16 "production and promotion of animal-based protein for household consumption". To effectively reduce the prevalence of stunting, the projects were supposed to ensure convergence of the 22 interventions at implementation.

During the field mission, convergence of nutrition interventions was visible in several villages, mainly at two levels (i) geographical and (ii) implementation/service delivery. In regards to geographic convergence- efforts by the agriculture and health sectors through the AFN and HGNP investments were made to ensure targeting of the same villages this was a commendable approach. Discussions with the beneficiaries revealed that convergence was also being achieved at implementation. Through the AFN, most villages showed good collaboration between the FNS facilitators and the community health workers. This ensured that the pregnant women and mothers of children under two benefited not only from the FNS four modules training and the establishment of home gardens but also from the needed health interventions. The Food and Nutrition Centre (FNC) provided the space for learning and knowledge sharing among women, to conduct food demonstrations, monthly growth monitoring and Social Behaviour Change Communication (SBCC) among other interventions. Children with growth challenges were provided with follow-up activities such as visits from health workers, advice from the Facilitators and CHWs on how to prepare food for their children and grants for supplementary feeding to help them catch up on the growth.

This is definitely an emerging good practice on convergence between two investments and should be replicated in other villages where it is not happening and broadened to include other development partners providing services in each village. This will avoid duplication and allow for better coordination of services and target groups at the village level. For coordination at this level to be effective, the capacity of the village leadership to prepare and coordinate the implementation of integrated plans and for the District nutrition coordination committees to engage and coordinate all service providers in each district is essential.

In terms of the sustainability, the FNS has emerged as a mother's club where experiences and lessons on food and nutrition are shared. The operation cost of hosting demonstrations is minimal and can be easily absorbed by the beneficiaries since they already provide most of the cooking ingredients from their gardens. Broader outreach on nutrition awareness can be also anchored on community events such as cultural events performed by Chief of Tribal.

### **Agriculture Production Groups**

The mission team met with a number of ADG members who had benefited from the grants. While ADP grants were presented to groups, each individual member chose an enterprise and implemented individually. However being a member of the group helped in sharing experiences for those with common enterprises, benefiting from economies of scale when procuring inputs such as feeds and vaccines and technical training by DAFO. Most of the farmers invested in chickens, ducks, fish, and pigs. Regardless of the starting point, most farmers were diversifying their production for example, those who started with poultry, procured ducks from the profits accrued and then moved on to pigs or fish, frogs and vegetable gardens mainly for own consumption. Women who benefited from garden grants also joined the APGs based on interest on the enterprise that they were investing in.

When asked what their produce, most of them said selling and own consumption. Regarding sustainability, several models had emerged from the groups own initiatives to create a savings fund to benefit the farmers and other people in the village that had not benefitted. For example in one group, each member was to put aside 80,000 Kip per year as a saving fund. The fund would benefit new

investors who would also receive a grant and when the enterprise is established also start paying 80,000 Kips per year. In other models, all beneficiaries were expected to pay back the full grant in full to create a savings fund that would be extended to other members that had not benefited. These initiatives are the beginning steps of creating a cash economy and could be nurtured to grow into more organised groups that can in future be able to borrow from more formal financial institutions. It is however too early to know what direction this could take in future.

Project is focusing on the on-farm demonstration. Once it is successful, it creates a local learning site for the farmer to learn and share the technical issue. In the long term, the demonstration could evolve to be an elite farmer who will play a champion role to run a cash economy in the local area.

Although the PPCP implementation to date are still very limited, it is expected that the private sector has an interest to continue working with the farmer in the long run. The partnership could result in better extension service, postharvest technology, and logistics management. The current cash crop that have enough scale to attract private sector are cardamom and galangal.



Investing in rural people

## Lao People's Democratic Republic

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

#### Mid-term Review

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

Mission Dates: 18/02/2020 - 04/03/2020

Document Date: 23/04/2020

Project No. 2000001131

Report No. 5386-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 Peoples Democratic Republic (Lao PDR)

**MISSION NAME:** Agriculture for Nutrition (AFN)/ Strategic Support for Food Security and Nutrition Project (SSFSNP) Project, **Mid-term Review Mission**

**MISSION START AND END DATES:** 18 Feb - 4 March 2020

**COUNTRY DIRECTOR:** Thomas Rath, IFAD APR/PMD

### **MISSION COMPOSITION:**

Julian Abrams, **Team Leader**

Şakphouseth Meng, Project Management and M&E Specialist

Álvaro Fernández, Financial Management Specialist

Phan Duy Toan, Procurement Specialist

Ms. Marie Aude, IFAD Senior Agriculture Specialist

Ms. Joyce Njoro , IFAD Lead Nutrition Specialist

Nguyen Ngoc Quang, Value Chain and Rural Development Specialist

### **BACKGROUND:**

The GAFSP<sup>1</sup> finances the Agriculture for Nutrition (AFN) / SSFSN 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 Lao PDR MAF Department of Planning and Finance (DoPF), is the AFN lead agency that has overall responsibility for Project implementation. IFAD administers and supervises the GAFSP financing is organized through IFAD and WFP and IFAD is the main supervising entity of implementation.

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

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<sup>1</sup> Global Agriculture and Food Security Programme (GAFSP)

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.

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

The IFAD MTR Mission of AFN will be 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 to Lao PDR.

The objectives of the mission are to assess project performance at mid-point in implementation. The purpose of the Mid-term Review is to assess the operational aspects of the project such as project management and implementation of activities, financial management and disbursement arrangements, monitoring, evaluation arrangements, and the extent to which project objectives have been fulfilled. The Mid-Term Review will focus on corrective actions needed for the project to achieve its potential outputs, outcomes and impact. To this extent, the Mid-Term Review team will examine progress of each component, identify achievements and any constraints that have hindered project progress; identify lessons learnt and make recommendations regarding project design, management, institutional arrangements, monitoring and evaluation aspects, etc.

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 and FAO. Meetings will be also held with provincial and district project partners and the project implementation locations are visited. At the end of the mission, wrap-up meeting will be held with participation of key implementing partners at central, provincial and district levels. Thomas Rath, IFAD Country Director and Sub-Regional Coordinator, will participate in the kick-off and wrap-up sessions.

Project performance will be understood in its broad meaning to include relevance, effectiveness, efficiency, emerging project impact and likelihood to achieve its stated development objectives in a sustainable way. In doing so, the mission will pay adequate attention to project fiduciary aspects and the continuing compliance with grant covenants. The mission will make recommendations for the future strategy and directions of the project proposing any necessary adjustments in project design and the institutional and implementation arrangements. Any subsequent reallocation of the financing proceeds and amendments to the Project Financing Agreement will be made accordingly.

### **Mission outputs:**

The mission will prepare the following documents with the Team Leader, taking the main responsibility for all the key deliverables with specific assignments to the mission members:

- Aide Memoire and MTR report, following IFAD standard requirements. The mission's Aide memoire and MTR report will be discussed at the Wrap-up Meeting with GoL and stakeholders;
- annexes and appendixes as per MTR template; and
- Proposed Amendments to the Project Financing Agreement, if needed.

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

**Mr Julian Abrams, IFAD Team Leader**

The Team Leader (TL) 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 supervision mission, agree with the project management on how the supervision mission will be best conducted, how implementing partners, project staff and primary stakeholders will be involved, the timetable for fieldwork and reporting, and how feedback on the conclusions will be organized; and collect all relevant documentation for AFN project and distribute among mission members;
- Supervises the outputs of each mission member and for ensuring the overall consistency and quality of all of the mission's written contributions;
- Assign specific responsibility to the team members at the start of the mission; Ensure the overall consistency and quality of all of the mission's written contributions;
- Based on your and team members' assessments and inputs, you will prepare the MTR aide memoire, outlining the findings and recommendations of the MTR mission and highlighting issues that need to be discussed at the Wrap-up Meeting with key stakeholders;
- Prepare a draft management letter;
- Overall responsibility for the draft Project Implementation Plan for the remaining period of the project;
- Assess the overall Project performance and quality of implementation in line with the defined result objectives, legal and financial agreements;
- Assess the sustainability of project interventions and results achieved.
- Validate the appropriateness and effectiveness of the current design strategy and approaches in relation to Project Implementation Arrangement of the Project Design Report;
- Review project implementation progress and specifically the ability of project management and implementing agencies to co-ordinate and manage project activities and translate them into impact on the ground;
- With support of the project management specialist, review the effectiveness of NPCO in supporting project implementing agencies concerned at provincial and district levels;
- Review partnership and cooperation among MAF, IFAD, WFP, FAO and WB;
- Propose institutional arrangement to support and move toward AFN implementation;
- With support by the M&E specialist, identify the key innovations and learning aspects implemented under the project and draft the project section on lessons learned / innovation;
- Summarize the overall programme implementation performance in view of SECAP/climate change/environmental aspects;
- Outline the proposed changes to the original project design

### **Project management and M&E specialist (Sakphouseth Meng)**

*The Results and Project management Specialist will be responsible for assessing the management performance of the AFN and the performance of project. Specifically, he will:*

- Collaborate closely with the TL in assessing 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;

M&E



- Undertake an overall assessment of the performance of M&E system and mid term survey;
- Validate the results of project mid-term impact survey;
- Conduct the assessment and rating 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 RIMS 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 RIMS indicators) of the mission MTR report;
- identify the key innovations and learning aspects implemented under the project and draft the project section on lessons learned / innovation;
- Summarize the overall programme implementation performance in view of (i) M&E (ii) knowledge management, (ii) potential for scaling up, (iii) responsiveness of service providers, (iv) quality of beneficiary participation, and (v)
- Assess the progress of programme interventions in the field of knowledge management and make time-bound recommendations to ensure knowledge and best practices are systematically captured and shared;
- Provide guidance and examples to the project for preparation of an exit strategy;
- Summarize the overall programme implementation performance in view of (i) Institutions and Policy Engagement, (ii) partnership-building, (iii) quality of project management, (iv) targeting;
- Develop project cost tables along the revised design proposals and adjustments to guide the AWPB processes in the future;
- Propose changes to the original design ;
- Provide inputs to the Aide memoire and MTR report as agreed with the TL; and
- Any other tasks as agreed with the Team Leader.

### **Financial Management Specialist (Álvaro Fernández)**

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:

- Update the project's FMAQ for supervision;
- Review the financial performance of the project by expenditure category and component to assess the project's overall financial performance. Identify actual or potential problems and bottlenecks;
- Review the financial execution of the current AWPB and obtain from the NPCO explanations for significant budget-to-actual variances. Comment on the project's budget monitoring system;
- Perform a reconciliation of funds (Designated account and project accounts);
- Assess the financial management capacities of the implementing partners;
- Review project's administrative management procedures related to personnel, travel, vehicles/fuel and IT;
- Review the fixed asset register, inventory processes and latest inventory report;
- Identify financing agreement covenants and verify project's compliance;
- Follow up on previous supervision mission recommendations;
- Follow up on internal and external audit observations;
- Provide inputs to the Aide memoire and MTR report as agreed with the TL, and
- Any other tasks as agreed with the Team Leader.

### **Phan Duy Toan, Procurement Specialist**

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 MTR report as agreed with the TL, and
- Any other tasks as agreed with the Team Leader.

**Ms Marie-Aude Even, IFAD agriculture specialist.**

*The agriculture specialist will be responsible for assessing the AFN outcome 1 and all agriculture related aspects of the project. Specifically, she will:*

- Review the overall progress and focus on outcome 1 (Strengthened public services), in terms of targeting, effectiveness, achievements at all levels from community to provincial and national levels.
- Support the review of outcome 2 and 3 as far as it relates to agricultural and livestock related technical issues, and in close collaboration with the relevant technical experts of the team.
- 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,
- Discuss with stakeholders how the project could address relevant key constraints in order to achieve its targets.

- In consultation with stakeholders and based on the above analysis, the expert will make recommendation to adjust / update the design of component 1 and related activities under component 2 and 3.
- Provide inputs to the Aide memoire and MTR report as agreed with the TL,
- Any other tasks as agreed with the Team Leader.

### **Joyce Njoro, Nutrition and Gender Specialist**

*The Nutrition Specialist will be responsible for assessing the AFN outcome 2 and all nutrition-related aspects. She will also lead all gender and targeting related aspects of the MTR. Specifically, she will:*

- Summarize the overall programme implementation progress of the targeting, nutrition, gender, poverty and institutional aspects and make recommendations to improve program performance;
- Assess the effectiveness of the gender and targeting mainstreaming approach of the project and recommend changes to the design as deemed required;
- Assess the effectiveness of the Village Development Planning mechanisms and outcomes in support of the NNSPA.
- Assess the results and impact 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 capacity of implementation partners to pilot and up-scale agricultural solutions for improved nutrition;
- 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;
- Assess the nutrition aspects of (i) Annual Work Plan and Budget, and (ii) the setup for local implementation mechanism;
- Draft all inputs to the Aide memoire and MTR report related to (i) targeting (ii) gender and (ii) nutrition impact.
- Provide inputs to the Aide memoire and MTR report as agreed with the TL, and
- Any other tasks as agreed with the Team Leader.

### **Nguyen Ngoc Quang , Value Chain and Rural Development Specialist**

*The specialist will be responsible for review of Outcome 3 – Sustainable and inclusive market-driven partnerships established. Specifically, he will:*

- Assess the effectiveness of project support to outcome 3 in terms value chain development aspects of the programme;
- Review the quality of the strategic investment plan and the district and village level planning mechanisms both for project action planning (AWPB) and for the Village Development Plans (VDP). For the latter, liaise closely with the nutrition specialist ;
- With support by the IFAD agricultural specialist, review the effectiveness and sustainability of agricultural interventions and services in support of the establishment of sustainable and inclusive PPPP.
- Assess the project support to old and new farmer groups / organisations (FO), review their by-laws and other operational arrangements and assess their institutional sustainability ;
- Assess the quality of service providers to the FOs as relevant;
- Assess performance public-private investment windows: Farmer groups co-investments PPCP grant mechanisms;
- Provide inputs to the Aide memoire and MTR report as agreed with the TL, and

- Any other tasks as agreed with the Team Leader.

### **SCHEDULE (20 FEB-6 MARCH 2020)**

Tentative mission schedule is as follows. It is recommended that the team visit the one provinces to make most use of the time in one location and to avoid losing time due to extended travels. Project stakeholders from other provinces would be invited for their identifications and presentations of issues and recommendations. :

17 Feb 2020	Arrival of mission members
18 Feb	<p>Kick-off meeting and technical meeting with MAF, MPI, MOF senior officials, NPCO and project implementing partners (DETEAP, NAFRI, WFP and FAO) .</p> <p>Presentation on the performance of AFN including , results from mid-line survey, financial results etc..</p> <p>Technical discussions with project team, DETEAP and NAFR and other partners on good practices, challenges during the implementation. Suggest areas for changes of AFN</p> <p>Relationship with programmes by WB and others in the same target areas, e.g. HANSA (health access), WASH, cash for nutrition mothers</p>
19 - 20Feb	Travel to target province; kick off meeting: presentation of key issues by project staff from district and province levels
21-24 Feb	Field Work in project target province, districts and villages
25-26 Feb	Presentation and discussions of findings / technical meetings with stakeholders from all provinces and districts
27 – 28 Feb	Team meetings and AM/report reporting
29 Feb	Review on draft AM with NPCO and stakeholders
1-2 March	Finalisation of AM and submission to GoL, WFP and IFAD
3 March	Preparation of wrap up meeting; location: tbc
4 March	Wrap up meeting and departure

## Lao People's Democratic Republic

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

#### Mid-term Review

#### Appendix 6: Procurement

Mission Dates: 18/02/2020 - 04/03/2020  
Document Date: 23/04/2020  
Project No. 2000001131  
Report No. 5386-LA

Asia and the Pacific Division  
Programme Management Department



## **Appendix 6 – Procurement review working paper**

### **1. Review of Procurement Plan**

The procurement plan for 2019 was approved in December 2018 and revised twice with IFAD's no objection to reflect changes during implementation. However, there are significant delays in implementation of a number of activities under the 2019 procurement plan. By the end of 2019, four out of 12 district agriculture extension advisers and five out of 10 district M&E officers are not yet recruited; upgrading 10 out of 12 Technical Service Centre (TSC) facilities and construction of a TSC office building in Xam Tai district are not yet completed.

A draft procurement plan for 2020 using IFAD's template was submitted late to IFAD for prior reviews on 05 Feb 2020. Late preparation and finalization of the procurement plan will have negative impact on implementation progress for planned activities. There are still a number of shortcomings in the draft procurement plan for 2020 such as inconsistencies with the AWPB and prior/post review requirements, missing information on time schedules, etc. that require modifications and/or corrections. Following revisions of the AWPB for 2020 in line with the MTR agreed actions, the draft procurement plan for 2020 need to be updated and submitted to IFAD for review and no objection.

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

#### **2.1. Process and procedures from prequalification to bidding**

Procurement activities were carried out in line with procurement methods specified in the approved procurement plans. Procurement notices for procurement of goods, works and services done by National Project Coordination Office (NPCO) are often advertised on both Vientiane Mai Newspaper (in Lao language) and Vientiane News (in English). No objection letters were obtained and recorded for contracts subjected to IFAD prior reviews. Justifications for application of direct purchases were prepared and submitted for IFAD no objections. Three or 4 bids/quotations were obtained and filed for procurement of goods by NPCO. There are some cases that only one bid was submitted at the bid closing deadline and the project obtained IFAD no objection before proceeding with the bid opening.

Village implementation teams (VIT) have very limited experience and lack of facilities (computer, printer, etc.) for conducting procurement and contract management of VDF infrastructure works. Request for quotations, quotation evaluation reports and contract documents were prepared with extensive support from District Agriculture and Forestry Office (DAFO) staff. All procurement and contract documents at DAFO and target villages were prepared in Lao language.

Water supply and irrigation schemes are constructed by community through force account. Construction material for water supply and irrigation schemes are purchased through shopping. Construction firms are selected through shopping for construction of Village Development Fund (VDF) access roads. Average amount of GAFSP grant for a VDF infrastructure subproject is US\$19,000. Procurement notices for procurement of construction materials or for selection of contractors are put on notice boards at district offices. Random post reviews of procurement and contract documents at DAFO and villages in Khua and Mai districts for VDF infrastructure subprojects show that procurement activities were carried out in general in compliance with IFAD project procurement guidelines and AFN manual for VDF infrastructure implementation. Three or 4 quotations were obtained and filed for procurement of goods and works for VDF infrastructure subprojects and TSC office buildings. VIT members and representatives of benefiting households were participated in procurement evaluation committee. There are still some shortcomings such as missing signature of VIT representatives in the quotation opening minutes (Kok Ngiew irrigation, Khua district).

Purchasing agricultural inputs and materials for Agriculture Production Groups (APG), with an average amount of GAFSP grant below US\$ 5,000, are through simplified shopping with at least 3 quotations where available. Random post reviews of goods contract for APG farmer groups at Khua district showed that minimum three quotations were obtained and recorded. Agricultural inputs were purchased from district retail shops and some (poultry varieties) from households in villages.

#### **2.2 Process and procedures from evaluation to awards**

Procurement evaluation committee for procurement of goods at NPCO is chaired by national project coordinator with representative from line agencies of MAF, Ministry of Finance and Ministry of Planning

and Investment. Procurement evaluation committee for procurement of VDF infrastructure subprojects includes members of Village Implementation Team and representatives of DAFO.

Evaluations of bids/quotation were conducted in general in line with the evaluation criteria specified in the bidding documents/request for quotations. Reasons for bid/quotation rejection (at preliminary/technical/financial evaluation stages) were mentioned in the bid evaluation report.

There were some VDF infrastructure subprojects (example, Huay Vangkao irrigation, Mai district) that all quotation prices are higher than the estimated cost for purchasing construction materials. Consequently, negotiation on contract prices was conducted by the procurement evaluation committee with the supplier during contract negotiation. The mission noted that negotiation on contract price should not be done for competitive bidding of goods and works contracts.

### 3. Review of Contract Administration and Management

Several goods contracts (vehicles, motorcycles, IT equipment, agricultural machines, etc.) were purchased with tax and import duty exemptions. Current procedures for reviews and clearance of contract documents at concerned ministries are time-consuming that cause delays in implementation of goods contracts. For instance, the contract for purchasing agricultural machines for TSCs with 60 days for contract implementation was signed on 09 September 2019. However, by the end of February 2019, purchased goods are still not delivered due to lengthy procedures for clearance of import duty exemptions.

Village bank accounts are opened for receiving VDF infrastructure grants. GAFSP grants are transferred from NPCO to village bank account for each contract after approval of VDF infrastructure proposal. Contracts are signed between VIT and material suppliers/contractors for VDF infrastructure schemes. District support team provides extensive supports for contract administration and management of VDF infrastructure subprojects. Technical supervisions for construction of VDF infrastructure schemes are done by technical staff at district line agencies (DAFO, DHO, and DPWT) and project engineers.

Random post reviews by the mission show that implementation of VDF infrastructure contracts were in general in accordance with time schedules without significant delays and without contract amendments in term of cost and scope of works. No advance was made to material suppliers/contractors for implementation of VDF infrastructure schemes. Payments (100% contract amounts) were transferred to supplier/contractor bank accounts after completion of material delivery or certifying completion of construction works. Contract documents, records on material delivery certified by VIT members, minutes on certifying construction completion and handing over and copies of bank cheques for contract payments are filed and kept at villages and DAFOs. However, due to delays in processing withdrawal applications at MOF, a number of VDF infrastructure proposals were prepared but not implemented in 2019. These subprojects were carried over to 2020 AWPB for implementation.

Contract registers are prepared by NPCO procurement staff. However, the contract registers were not updated regularly with recently signed contracts.

According to IFAD policies on anticorruption, sexual harassment, sexual exploitation and abuse, all bidders and contractors/service providers/suppliers are required to sign self-certification forms as a part of bids and contract documents. This requirement was introduced at IFAD procurement training workshop in Beijing in December 2019 and must be compliant by AFN for new procurement activities and contracts from 2020.

### 4. Review of project's procurement filing system and the ease of document retrieval

Procurement and contract documents are filed in separate files for each contract and accessible for the mission. However, space for storing procurement documents at NPCO is rather cramped for adding new files.

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

#### Supervision Mission 2019:

Agreed Actions	Responsibility	Deadline	Status
Identification tags and Physical verification of Assets	NPCO	31 March 2019 and ongoing	Partially implemented



Tag the assets with identification numbers, conduct physical verification of assets at least once a year and document it			
<b>Vehicle Log</b> Update vehicle log books and maintain full details of the travel undertaken	NPCO	31 March 2019 and ongoing	Being implemented

**Project Audit for 2018.** Concerning the procurement of 42 motorbikes and 21 cars in the audit report 2018, the auditor observed that the total price (CIF and Taxes) was higher in comparison to the reference market value. The project explained that the difference is mainly because of a different "basic price" used in the calculations for import duties and VAT. The dealers can use a "reference price" instead of the price in the "invoice" of importation. Instead, for ODA funded projects, that are under duty and taxes exemption regime, this calculation is made over the price reflected in the "invoice" of importation. The mission noticed that even with this base of calculus, the total cost (CIF) is still lower than the price in the domestic market. The mission also noticed that there were adjustments of import tariff (duty) in Lao PDR from 40% down to 5% over 2016 – 2018 period and this may have implications on import duties and tax calculations and market prices.

#### 6. Assessment of further procurement staff training needs

At NPCO, there are one procurement consultant (working part-time), one procurement officer and one procurement assistant that have experience in donor-funded procurement for IFAD, ADB, WB, AFD/ EU projects. At district levels, some procurement officers are government officers who have limited procurement knowledge and experience. One NPCO assistant officer resigned in February 2019 and a new procurement assistant was recruited in May 2019.

So far, the project organized 4 procurement trainings for project staffs over 2017 – 2018 period. The project has a plan to conduct a procurement training course in 2020 for district procurement officers. NPCO procurement staff attended NOTUS rolling-out training organized in Vientiane in March 2019 and IFAD procurement training workshop in Beijing in December 2019. A procurement officer is in charge of using NOTUS for submitting procurement documents to IFAD for prior reviews.

#### 7. Review of any significant changes in the Borrower/Recipient's procurement system and practices

Following promulgation of Procurement Law No. 30, dated 02 November 2017, Instructions on Implementation of Law on Public Procurement No. 0477/MoF, dated February 13, 2019; and No. 1995/MoF, dated June 24, 2019 (Additional Instructions to Articles 23 and 31 of Implementation of Law on Public Procurement) were issued. Currently, the new regulations are only available in Lao language. According to new Instructions on Implementation of Public Procurement Law, there were adjustments of procurement method thresholds for direct contracting (increased from LAK 3 million to LAK 5 million). The threshold for shopping of goods reduced from LAK 500 million to LAK 200 million.

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

During the MTR, Procurement Risk Matrix was prepared for AFN. The inherent risk rating is Medium (scored 2.33) and the net risk rating is Medium (scored 2.46).

#### 9. Procurement performance indicator rating and justification

Pillars	Rating	Justification
A. Review of Procurement planning	3	Procurement planning exhibits significant shortcomings and inconsistencies across some of the requirements. Project implementation is negatively impacted and delayed; implementation support is required; resolution of issues/constraints is likely but will take some time.

B. Process 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: from evaluation to awards	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	3	Processes, procedures and systems for administration, supervision and management of contracts exhibit numerous shortcomings. Project implementation is negatively impacted; implementation support is required; resolution of issues/constraints is likely but will take some time.
E. Record Retention	4	The project's record retention exhibits some weaknesses. Implementation support is required, however, prompt resolution of issues/constraints is like
<b>Overall</b>	<b>4</b>	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.

#### 10. Recommendations for improvement and follow-up actions for the Borrower and/or IFAD

Agreed Action	Responsibility	Agreed Date
<b>Update Procurement Plan</b> Update and submit the procurement plan for 2020 (using IFAD's template) in consistence with revisions of the AWPB after the MTR for IFAD review and no objection.	NPCO	March 2020
<b>Self-Certification with IFAD Policy Compliance</b> Sign self-certification forms as a part of bids and contract documents in compliance with IFAD policies on anticorruption, sexual harassment, sexual exploitation and abuse.	Bidders; Consultants/ Suppliers/ Contractors	March 2020 onwards (for new contracts)

